

authorizing the Postmaster General to establish air-mail routes; to the Committee on the Post Office and Post Roads.

6600. Also, petition of Trafford Council, No. 220, Junior Order United American Mechanics, by W. B. Meager, recording secretary, Trafford, Pa., supporting House bill 10343; to the Committee on Immigration and Naturalization.

6601. By Mr. YON: Petition of J. W. Shipper, H. J. Watford, G. W. Watts, Lewis Sasser, J. A. Hinson, R. C. Hinson, and others of Chipley, Washington County, Fla., urging the passage of House bill 2562; to the Committee on Pensions.

## SENATE

TUESDAY, April 8, 1930

The Chaplain, Rev. Z. Barney T. Phillips, D. D., offered the following prayer:

Most Holy Father, who standest before us like the light, like love all lovely, like the morning: We thank Thee for that which eye hath not yet seen nor ear heard, for Thy footprints in creation, for Thy glory in the soul of man. Grant to us, therefore, such clear vision of our tasks that by striving after justice, by a faithful, fearless following after truth, wherever it may lead, we may help to plant Thy kingdom in the nations of the world.

Dwell with us in Thy glorious splendor, walk Thou in our midst, encourage the faint-hearted, comfort those who mourn, bless those who labor and are heavy laden, and help us all to bear each other's burdens, and so fulfill the law of Christ. We ask it in His name and for His sake. Amen.

## THE JOURNAL

The legislative clerk proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. Fess and by unanimous consent, the further reading was dispensed with and the Journal was approved.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, informed the Senate that the House had approved the designation of Hon. JOHN Q. TILSON, a Representative from the State of Connecticut, as Speaker pro tempore.

The message returned to the Senate, in compliance with its request, the bill (S. 477) to revise and equalize the rate of pension to certain soldiers, sailors, and marines of the Civil War, to certain widows, former widows of such soldiers, sailors, and marines, and granting pensions and increase of pensions in certain cases.

The message announced that the House had passed the following bills and joint resolution of the Senate:

S. 2763. An act authorizing the cities of Omaha, Nebr., and Council Bluffs, Iowa, and the counties of Douglas, Nebr., and Pottawattamie, Iowa, to construct, maintain, and operate one or more, but not to exceed three, toll or free bridges across the Missouri River;

S. 3487. An act to provide for the acceptance of a donation of land and the construction thereon of suitable buildings and appurtenances for the Forest Products Laboratory, and for other purposes; and

S. J. Res. 151. Joint resolution to authorize the Secretary of the Interior to deliver water during the irrigation season of 1930 on the Uncompahgre project, Colorado.

The message also announced that the House had passed the bill (S. 476) granting pensions and increase of pensions to certain soldiers, sailors, and nurses of the war with Spain, the Philippine insurrection, or the China relief expedition, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills and joint resolutions, in which it requested the concurrence of the Senate:

H. R. 1009. An act granting to the State of Wisconsin certain unappropriated public lands in meandered areas;

H. R. 3820. An act to amend section 1 of the act entitled "An act to provide for stock-raising homesteads, and for other purposes," approved December 29, 1916;

H. R. 4198. An act to authorize the exchange of certain lands adjoining the Catoosa Spring (Ga.) Target Range;

H. R. 5619. An act to authorize the exchange of certain land now within the Lassen Volcanic National Park for certain private land adjoining the park and to adjust the park boundary accordingly, and for other purposes;

H. R. 6586. An act providing for the confirmation of the title of certain purchasers from the State of Louisiana of

lands formerly included in the Live Oak Naval Reserve on Navy Commissioners Island, in St. Mary Parish, La., now abandoned;

H. R. 7390. An act to authorize the appointment of an Assistant Commissioner of Education in the Department of the Interior;

H. R. 8713. An act granting land in Wrangell, Alaska, to the town of Wrangell, Alaska;

H. R. 8799. An act to provide for a survey of the Choctaw-hatchee River, Fla. and Ala., with a view to the prevention and control of its floods;

H. R. 9334. An act to provide for the study, investigation, and survey, for commemorative purposes, of the battle field of Saratoga, N. Y.;

H. R. 9412. An act to provide for a memorial to Theodore Roosevelt for his leadership in the cause of forest conservation;

H. R. 9434. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near Arlington, Oreg.;

H. R. 9442. An act to authorize the Secretary of the Interior to make engineering and economic investigations and studies of conditions in Palo Verde and Cibola Valleys and vicinity on the Colorado River, and for other purposes;

H. R. 9483. An act to amend the act of February 21, 1929, entitled "An act to authorize the purchase by the Secretary of Commerce of a site, and the construction and equipment of a building thereon, for use as a constant frequency monitoring radio station, and for other purposes";

H. R. 9637. An act to extend the times for commencing and completing the construction of a bridge across Lake Champlain at or near Rouses Point, N. Y., and a point at or near Alburgh, Vt.;

H. R. 9671. An act to extend the times for commencing and completing the construction of a free highway bridge across the St. Croix River at or near Stillwater, Minn.;

H. R. 9672. An act to extend the times for commencing and completing the construction of a free highway bridge across the Mississippi River at or near Hastings, Minn.;

H. R. 9805. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at Cairo, Ill.;

H. R. 9845. An act to authorize the transfer of Government-owned land at Dodge City, Kans., for public-building purposes;

H. R. 9850. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near New Martinsville, W. Va.;

H. R. 9901. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near the village of Clearwater, Minn.;

H. R. 9931. An act granting the consent of Congress to Berks County, State of Pennsylvania, to construct, maintain, and operate a free highway bridge across the Schuylkill River at or near Reading, Pa.;

H. R. 9980. An act to extend the times for commencing and completing the construction of a bridge across the Wabash River at Mount Carmel, Ill.;

H. R. 9988. An act granting the consent of Congress to the State of New York to construct, maintain, and operate a free highway bridge across the Allegheny River at or near Red House, N. Y.;

H. R. 9991. An act to fix the salary of the minister to Liberia; H. R. 10081. An act to amend the act authorizing the attorney general of the State of California to bring suit in the Court of Claims on behalf of the Indians of California;

H. R. 10379. An act to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes;

H. R. 11143. An act to create in the Treasury Department a bureau of narcotics, and for other purposes;

H. J. Res. 153. Joint resolution to correct section 6 of the act of August 30, 1890, as amended by section 2 of the act of June 28, 1926; and

H. J. Res. 200. Joint resolution authorizing acceptance of a donation of land, buildings, and other improvements in Caddo Parish, near Shreveport, La.

## CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum. The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Allen	Glass	Kean	Shortridge
Ashurst	Glenn	Kendrick	Simmons
Barkley	Goff	McCulloch	Smoot
Bingham	Goldsborough	McKellar	Steiwer
Black	Gould	McNary	Stephens
Blaine	Greene	Metcalf	Sullivan
Borah	Grundy	Norbeck	Thomas, Idaho
Bratton	Hale	Norris	Thomas, Okla.
Capper	Harris	Nye	Townsend
Connally	Harrison	Oddie	Trammell
Copeland	Hastings	Overman	Tydings
Couzens	Hatfield	Phipps	Vandenberg
Dale	Hayden	Pine	Walsh, Mass.
Dill	Hebert	Robinson, Ind.	Walsh, Mont.
Fess	Heflin	Robison, Ky.	Watson
Frazier	Howell	Schall	Wheeler
George	Johnson	Sheppard	
Gillett	Jones	Shipstead	

Mr. NORRIS. I desire to announce that the senior Senator from Wisconsin [Mr. LA FOLLETTE] is unavoidably detained from the city.

Mr. SHEPPARD. I wish to announce that the Senator from Missouri [Mr. HAWES], the Senator from Florida [Mr. FLETCHER], the Senator from Utah [Mr. KING], and the Senator from South Carolina [Mr. SMITH] are all detained from the Senate by illness.

I also wish to announce that the junior Senator from Tennessee [Mr. BROCK] and the junior Senator from South Carolina [Mr. BLEASE] are absent because of illness in their families.

I also desire to announce that the junior Senator from Louisiana [Mr. BROUSSARD] is necessarily absent.

I further desire to announce that the Senator from Arkansas [Mr. ROBINSON] and the Senator from Pennsylvania [Mr. REED] are in London attending the naval conference.

Mr. NORBECK. I wish to announce that my colleague [Mr. McMASTER] is unavoidably absent from the city. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Seventy Senators have answered to their names. A quorum is present.

#### MEETING OF COMMITTEE ON PRIVILEGES AND ELECTIONS

Mr. SHORTRIDGE. Mr. President, I desire to state that I have caused notice to be given for a meeting of the Committee on Privileges and Elections for to-morrow afternoon at 4.30 o'clock. I express the earnest hope that members of the committee will arrange their affairs so as to be present, because we desire to take up for consideration the resolution submitted by the Senator from Nebraska [Mr. NORRIS] relative to campaign expenditures.

#### MEMORIAL

Mr. FRAZIER presented a resolution adopted by the North Dakota Telephone Association protesting against any extension of Federal regulation of telephone rates or service, which was referred to the Committee on Interstate Commerce.

#### REPORTS OF COMMITTEES

Mr. McNARY, from the Committee on Agriculture and Forestry, to which was referred the resolution (S. Res. 149) to investigate the cause of the decline of cotton prices in 1926, reported it without amendment.

He also, from the same committee, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

A bill (S. 3687) to authorize the Secretary of Agriculture to conduct investigations of cotton ginning (Rept. No. 363); and

A bill (S. 3817) to facilitate and simplify national-forest administration (Rept. No. 364).

Mr. VANDENBERG, from the Committee on Commerce, to which was referred the bill (H. R. 4899) to provide for the construction of a vessel for the Coast Guard for rescue and assistance work on Lake Michigan, reported it without amendment and submitted a report (No. 365) thereon.

Mr. NORBECK, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 3774) to amend the United States mining laws applicable to the national forests within the State of South Dakota, reported it with an amendment and submitted a report (No. 366) thereon.

Mr. JOHNSON, from the Committee on Commerce, to which was referred the bill (H. R. 9553) to amend sections 401, 402, and 404 of the merchant marine act, 1928, reported it without amendment and submitted a report (No. 367) thereon.

He also, from the same committee, to which was referred the bill (S. 2757) to authorize and direct the United States Shipping Board to sell certain property of the United States situated in the city of Hoboken, N. J., reported it with amendments.

#### BUREAU OF FOREIGN AND DOMESTIC COMMERCE

Mr. JOHNSON. From the Committee on Commerce I report back favorably the bill (H. R. 10653) to amend an act entitled "An act to establish in the Bureau of Foreign and Domestic Commerce of the Department of Commerce, a Foreign

Commerce Service of the United States, and for other purposes," approved March 3, 1927, and I submit a report (No. 368) thereon. I ask unanimous consent for the immediate consideration of the bill. It has passed the House unanimously, and there is no objection to it.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read, as follows:

*Be it enacted, etc.,* That section 3 of the act approved March 3, 1927, entitled "An act to establish in the Bureau of Foreign and Domestic Commerce of the Department of Commerce a Foreign Commerce Service of the United States, and for other purposes," is hereby amended by adding thereto the following paragraph:

"(f) The Secretary of Commerce may, under such rules and regulations as he may prescribe, furnish the officers in the Foreign Commerce Service of the Bureau of Foreign and Domestic Commerce stationed in a foreign country, without cost to them and within the limits of any appropriation made for this purpose, allowances for living quarters, heat, and light, notwithstanding the provisions of section 1765 of the Revised Statutes (U. S. C., title 5, sec. 70): *Provided*, That the provisions of this paragraph shall apply only to those officers who are citizens of the United States: *Provided further*, That the provisions of this paragraph shall not apply to those officers who are living rent free in Government-owned buildings."

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

#### REPORT OF POSTAL NOMINATIONS

Mr. PHIPPS, as in open executive session, from the Committee on Post Offices and Post Roads, reported sundry post-office nominations, which were placed on the Executive Calendar.

#### BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McKELLAR:

A bill (S. 4105) for the relief of the estate of White B. Miller; to the Committee on Claims.

By Mr. McNARY:

A bill (S. 4106) to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near Arlington, Oreg.; to the Committee on Commerce.

By Mr. GREENE:

A bill (S. 4107) to authorize the Secretary of War to sell a tract of land located at Battery Cove, near Alexandria, Va., and for other purposes; and

A bill (S. 4108) to provide for reimbursement of appropriations for expenditures made for the upkeep and maintenance of property of the United States under the control of the Secretary of War, used or occupied under license, permit, or lease; to the Committee on Military Affairs.

By Mr. ROBSION of Kentucky:

A bill (S. 4109) for the relief of Robert E. Masters; and  
A bill (S. 4110) to amend the World War veterans' act of 1924 (with amendments prior to June 1, 1929); to the Committee on Military Affairs.

A bill (S. 4111) to authorize an appropriation for flood control in and about the city of Middlesboro, State of Kentucky; and

A bill (S. 4112) to authorize an appropriation for the straightening and broadening of the Cumberland River east and southeast of the city of Barbourville, in Knox County, Ky., and the broadening and widening of the Cumberland River in and at the "narrows" of such river below Barbourville in Knox County, Ky.; to the Committee on Commerce.

A bill (S. 4113) granting a pension to George Dean;

A bill (S. 4114) granting a pension to Amanda Metcalf; and

A bill (S. 4115) granting a pension to Manda Jane Stringer; to the Committee on Pensions.

A bill (S. 4116) for the relief of Capt. George R. Armstrong, United States Army, retired; to the Committee on Military Affairs.

By Mr. GILLETT:

A bill (S. 4117) for the relief of the estate of Milton L. Baxter; to the Committee on Claims.

By Mr. ALLEN:

A bill (S. 4118) to amend section 6 of the immigration act of 1924, as amended by section 3 of the joint resolution approved May 29, 1928; to the Committee on Immigration.

By Mr. BLACK:

A bill (S. 4119) to extend the provisions of section 2455 of the Revised Statutes of the United States (U. S. C., title 43, sec. 1171), as amended, to coal lands in Alabama; to the Committee on Public Lands and Surveys.



## CHANGES OF REFERENCE

On motion of Mr. TYDINGS, the Committee on Pensions was discharged from the further consideration of the bill (S. 3921) for the relief of Thomas Allen, and it was referred to the Committee on Claims.

On motion of Mr. WALSH of Montana, the Committee on Claims was discharged from the further consideration of the bill (S. 40) for the relief of William F. Brockschmidt, and it was referred to the Committee on Public Lands and Surveys.

## INVESTIGATION OF LEASES FOR POST-OFFICE BUILDINGS

Mr. BLAINE. I submit a resolution and ask that it be read and lie on the table.

The resolution (S. Res. 244) was read and ordered to lie on the table, as follows:

Whereas it is charged that leases for post-office buildings and commercial postal stations and substations are made by the Post Office Department at exorbitant and excessive rentals, and that such rentals are based on excessive and inflated values of the lands and buildings under such leases, and that such leases providing for cancellation thereof are converted into noncancelable leases, without any adequate valuable consideration or benefit to the Government, and that lessors or their successors and parties of interest through such lessors issue bonds or securities against such inflated values, and that the rentals under many of said leases are based not on the value of the property but, rather, on the inflated value thereof, and that fraud, misrepresentation, and corruption have entered into transactions concerning said leases; and

Whereas there is an annual deficit in the operation of the Post Office Department: Now, therefore, be it

*Resolved*, That a committee of three be appointed by the Vice President to investigate all leases for post-office buildings and commercial postal stations and substations, and that said committee is hereby empowered and instructed to inquire into all of the foregoing subjects and any matter pertinent and relevant thereto, and that said committee report to the Senate on the opening of the Senate on the first Monday in December, 1930, all information by it obtained, together with its recommendations respecting modification of the laws relating to the subjects above set forth.

Said committee shall have the power to subpoena witnesses, administer oaths, send for books and papers, to employ a stenographer at a cost not exceeding 25 cents per hundred words to report such hearings as may be had on the subjects before said committee, and to do those things necessary to make the investigation thorough.

All the expenses for said purposes shall be paid out of the contingent fund of the Senate.

For the purposes of this investigation the expenditure of \$10,000 is authorized, or such part thereof as may be necessary.

## ALLEGHENY RIVER BRIDGE, NEW YORK

Mr. COPELAND. Mr. President, yesterday the Senate passed the bill (S. 3607) granting the consent of Congress to the State of New York to construct, maintain, and operate a free State highway bridge across the Allegheny River at or near Red House, N. Y. I find that the House has just passed a similar bill, and it has come over here. I therefore ask unanimous consent to enter a motion to reconsider the vote by which the Senate bill was passed, and I ask that it may be recalled from the House and that the House bill now on the table be put on its passage.

The VICE PRESIDENT. Without objection, the motion to reconsider will be entered and the House will be requested to return the bill to the Senate. The Chair lays the corresponding House bill before the Senate.

Mr. WHEELER. Let it be read.

The bill (H. R. 9988) granting the consent of Congress to the State of New York to construct, maintain, and operate a free highway bridge across the Allegheny River at or near Red House, N. Y., was read the first time by its title and the second time at length, as follows:

*Be it enacted, etc.*, That the consent of Congress is hereby granted to the State of New York to construct, maintain, and operate a free highway bridge and approaches thereto across the Allegheny River, at a point suitable to the interests of navigation, at or near Red House, Cattaraugus County, N. Y., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

Sec. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

## HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

The following bills and joint resolutions were severally read twice by their titles and referred as indicated below:

H. R. 1009. An act granting to the State of Wisconsin certain unappropriated public lands in meandered areas;

H. R. 3820. An act to amend section 1 of the act entitled "An act to provide for stock-raising homesteads, and for other purposes," approved December 29, 1916;

H. R. 5619. An act to authorize the exchange of certain land now within the Lassen Volcanic National Park for certain private land adjoining the park and to adjust the park boundary accordingly, and for other purposes;

H. R. 6586. An act providing for the confirmation of the title of certain purchasers from the State of Louisiana of lands formerly included in the Live Oak naval reserve on Navy Commissioners Island, in St. Mary Parish, La., now abandoned; and

H. R. 8713. An act granting land in Wrangell, Alaska, to the town of Wrangell, Alaska; to the Committee on Public Lands and Surveys.

H. R. 4198. An act to authorize the exchange of certain lands adjoining the Catoosa Spring (Ga.) Target Range; and

H. R. 9334. An act to provide for the study, investigation, and survey, for commemorative purposes, of the battle field of Saratoga, N. Y.; to the Committee on Military Affairs.

H. R. 7390. An act to authorize the appointment of an Assistant Commissioner of Education in the Department of the Interior; to the Committee on Education and Labor.

H. R. 8799. An act to provide for a survey of the Choctawhatchee River, Fla. and Ala., with a view to the prevention and control of its floods;

H. R. 9434. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near Arlington, Oreg.;

H. R. 9671. An act to extend the times for commencing and completing the construction of a free highway bridge across the St. Croix River at or near Stillwater, Minn.;

H. R. 9672. An act to extend the times for commencing and completing the construction of a free highway bridge across the Mississippi River at or near Hastings, Minn.;

H. R. 9805. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at Cairo, Ill.;

H. R. 9850. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near New Martinsville, W. Va.;

H. R. 9901. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near the village of Clearwater, Minn.; and

H. R. 9931. An act granting the consent of Congress to Berks County, State of Pennsylvania, to construct, maintain, and operate a free highway bridge across the Schuylkill River at or near Reading, Pa.; to the Committee on Commerce.

H. R. 9412. An act to provide for a memorial to Theodore Roosevelt for his leadership in the cause of forest conservation; to the Committee on the Library.

H. R. 9442. An act to authorize the Secretary of the Interior to make engineering and economic investigations and studies of conditions in Palo Verde and Cibola Valleys and vicinity on the Colorado River, and for other purposes; to the Committee on Irrigation and Reclamation.

H. R. 9845. An act to authorize the transfer of Government-owned land at Dodge City, Kans., for public-building purposes; to the Committee on Public Buildings and Grounds.

H. R. 9991. An act to fix the salary of the minister to Liberia; to the Committee on Foreign Relations.

H. R. 10081. An act to amend the act authorizing the attorney general of the State of California to bring suit in the Court of Claims on behalf of the Indians of California; to the Committee on Indian Affairs.

H. R. 10379. An act to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes; to the Committee on Post Offices and Post Roads.

H. R. 11143. An act to create in the Treasury Department a bureau of narcotics, and for other purposes; to the Committee on Finance.

H. J. Res. 153. Joint resolution to correct section 6 of the act of August 30, 1890, as amended by section 2 of the act of June 28, 1926; and

H. J. Res. 200. Joint resolution authorizing acceptance of a donation of land, buildings, and other improvements in Caddo Parish, near Shreveport, La.; to the Committee on Agriculture and Forestry.

## MUSCLE SHOALS

Mr. FESS. Mr. President, I have in my hand a special report of the national water power policies committee issued in February of the present year by the natural resources production department of the Chamber of Commerce of the United States. It is entitled "Muscle Shoals, a Groundwork of Facts." I have read the report. It contains considerable valuable information, and I ask unanimous consent to have it inserted in the RECORD.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

## A GROUNDWORK OF FACTS REGARDING MUSCLE SHOALS

## ADOPTION OF PROJECT

Section 124 of the national defense act of June 3, 1916, empowered the President to make investigations of all phases of our supply of nitrogen and to construct, maintain, and operate such power and other plants and facilities as in his judgment seemed best and cheapest "for the generation of electrical or other power, and for the production of nitrates or other products needed for munitions of war and useful in the manufacture of fertilizers or other useful products."

In 1917, under authority of this section, the War Department first planned to construct four or five nitrate plants, but actually built only the two near Sheffield, Ala. Sheffield was selected partly because of its proximity to the Muscle Shoals on the Tennessee River, where cooperative development of navigation and water power had been under consideration for a number of years, and partly because of the strategic military advantage of this location.

Developments actually undertaken by the Government at Muscle Shoals, as the locality has become generally known, consist of the following:

Nitrate plant No. 1: A plant for the manufacture of ammonium nitrate by the so-called synthetic process for nitrogen fixation, with steam power plant, industrial village, nitric acid plant, and other accessories, built on a site of approximately 1,900 acres located on the Tennessee River 7 miles below the Wilson Dam.

Nitrate plant No. 2: A plant for the manufacture of ammonium nitrate by the cyanamide process of nitrogen fixation, with a 60,000-kilowatt steam power plant, industrial village, built on a site of approximately 2,300 acres, located on the Tennessee River a mile below the Wilson Dam, and the Waco limestone quarry, 30 miles distant, near Russellville, Ala.

Wilson Dam (Dam No. 2) and power plant: These are located on the Tennessee River immediately above Patton's Island, near Florence, Ala.

Gorgas steam power plant: A 30,000-kilowatt steam unit installed by the Alabama Power Co. for the Government as an extension to the power company's plant on Warrior River, where coal is available, and an 87-mile transmission line to Muscle Shoals. This equipment was sold in 1923 to the Alabama Power Co.

## LEGISLATIVE HISTORY OF MUSCLE SHOALS

After the armistice, the Federal Government, in general, pursued the policy of disposing of its excess war equipment. Even before the Wilson Dam was completed, plans were considered for its disposal, and also for the disposal of the nitrate plants.

The first plan for the disposition of the Muscle Shoals properties to receive serious consideration was the Ford offer, transmitted to Congress by the Secretary of War on February 1, 1922. Mr. Ford offered to pay \$5,000,000 for nitrate plants Nos. 1 and 2, the Waco quarry, and the Gorgas steam plant, provided the Government would complete the Wilson Dam and power plant, and lease these properties to him for 100 years.

Shortly after the Ford offer was forwarded to Congress, the Secretary of War forwarded another offer made by the Alabama Power Co. On April 10, 1922, Senator Norris, chairman of the Senate Committee on Agriculture and Forestry, introduced a bill which provided for a Government corporation to control and operate the Muscle Shoals properties. The Sixty-seventh Congress adjourned on March 3, 1923, without disposing of either of these offers.

On the opening of the Sixty-eighth Congress in December, 1923, new offers were presented. Mr. Ford advised the House Committee on Military Affairs that his offer still stood. The offer of the Alabama Power Co. was superseded by the Associated Power Co.'s offer to lease Dam No. 2, and as a condition of the lease, to furnish 60,000 horsepower at cost to any individual, association, or company undertaking to use it solely for the manufacture of fertilizers.

On January 21, 1924, the Union Carbide Co. submitted a proposal to lease nitrate plant No. 2 and manufacture urea, the necessary power to be leased direct from the Government or else from any other lessee who undertook the operation of the hydroelectric and steam power plants. On April 28, 1924, the Union Carbide Co. submitted a new proposal, without withdrawing its first proposal. The latter proposal contemplates the lease of Dam No. 2 and the nitrate properties for a period of 50 years, substantially under the general plan of the Federal water power act. Among the fertilizer-manufacture

provisions is one agreeing to operate nitrate plant No. 2 on a cost plus 5 per cent basis.

On January 29, 1924, Messrs. Hooker, Atterbury, and White submitted a proposal to organize a \$1,000,000 management corporation, to manage and operate the properties constructed and owned by the United States, and to share the net profit with the Government.

The principal offers for Muscle Shoals considered during the Sixty-ninth Congress were the joint proposal of the American Cyanamid Co. and the Air Nitrates Corporation and the Farmers' Federated Fertilizer Corporation. The former proposed to pay to the Government under certain conditions 4 per cent per annum on the cost of Muscle Shoals properties and on the cost to the Government of constructing Dam No. 3 and Cove Creek Reservoir; and to produce up to 50,000 tons of nitrogen on a cost plus 8 per cent basis in return for a 50-year lease for all of said properties.

Under the bid of the Farmers' Federated Fertilizer Corporation it is proposed to manufacture and sell fertilizer to the farmers at cost. The corporation is to receive no profits from the sale of fertilizer, but intends to realize profits from the sale of surplus power. The corporation would lease for an indefinite period all existing Muscle Shoals properties and pay to the Government or into a "fund" a rental based upon the amount of power sold.

No proposals by new agencies were made during the Seventieth Congress. The principal attention of Congress then given to Muscle Shoals related to the proposals introduced by Senator Norris for Government operation of the properties (S. J. Res. 46).

Several proposals in addition to those listed received consideration and measures were introduced from time to time in both Houses of Congress for the use of Muscle Shoals properties through Government operation or for their disposal through the acceptance of some one of the offers made therefor. Only one of them, Senate Joint Resolution 46, reached the stage where it was forwarded to the President for his approval. This was done in the closing days of the Seventieth Congress, and President Coolidge did not sign it, hence it did not become law.

A somewhat more detailed review of the legislative proposals now pending in the Seventy-first Congress is given in the Appendix.

## NITROGEN FIXATION

Because of the progress which has been made in the art of nitrogen fixation since the time when the Muscle Shoals properties were planned and constructed, it is necessary to review this progress and to present the existing situation in the United States regarding nitrogen as a factor, both in national defense and in agriculture. It is believed that with these facts in mind much more intelligent and beneficial consideration can be given to the proposals now before Congress for the disposition of Muscle Shoals properties, and it is hoped that out of these facts there may come constructive suggestions.

## NITROGEN CARRIERS

Nitrogen may be combined or fixed in many forms for transportation and use commercially, and it is important at the outset to show the different nitrogen content and some of the characteristics of these products.

Nitrogen: One of the elementary gaseous substances which constitutes about four-fifths of the atmosphere by volume. It can not be used by plants as such, but it forms compounds which are essential plant foods.

Ammonia: A gaseous compound of hydrogen and nitrogen; 1.2 tons of ammonia contains 1 ton of nitrogen. This compound is readily soluble in water, forming aqua ammonia (household ammonia). It can also be condensed to a liquid under considerable pressure, without the presence of water, and is shipped now usually in this form. It can not be used alone as a fertilizer or for any other ordinary applications, but may be used in the making of fertilizers and explosives and industrially for many other purposes.

Nitric acid: A compound of nitrogen, hydrogen, and oxygen, which is rarely used except in water solution; 4.5 tons of nitric acid contain 1 ton of nitrogen. It can be manufactured directly from the air by the arc process, by the oxidation of ammonia under carefully controlled conditions or by treating Chilean nitrate with strong sulphuric acid. Because of its highly corrosive character, even in water solutions, it can not be used as such, but it combines readily with many other materials to form compounds known as nitrates which are of very wide usefulness, both as explosives and as fertilizers.

Ammonium nitrate: A salt somewhat resembling common salt, formed by combining ammonia and nitric acid; 2.9 tons of ammonium nitrate contain 1 ton of nitrogen. It is particularly valuable as an explosive; it can be used as a fertilizer material, but with some difficulty, because it absorbs moisture from the air and forms cakes and lumps which can not readily be spread on the land uniformly.

Chilean nitrate: A compound, which is chemically sodium nitrate, found in natural beds in Chile and Peru. The same chemical in a purer state is manufactured at Hopewell, Va., by the Allied Chemical & Dye Corporation, from soda ash and nitric acid. Approximately 6.4 tons of Chilean nitrate contain 1 ton of nitrogen. Both the natural Chilean nitrate and the manufactured form are used alone or in mixtures as a fertilizer.



**Calcium nitrate:** A compound formed by combining nitric acid with lime; 5.9 tons of calcium nitrate contain 1 ton of nitrogen. Most of the nitric acid made by the arc process of nitrogen fixation is marketed in this form.

**Ammonium sulphate:** A salt much like common salt, which results from combining ammonia with sulphuric acid; 4.9 tons of ammonium sulphate contain 1 ton of nitrogen. This compound is the ordinary by-product containing nitrogen made at coke and gas works. It is valuable as a fertilizer when used either alone or in mixtures. The same compound is formed when a fertilizer mixture containing superphosphate is treated with ammonia according to a new process now common in the fertilizer industry.

**Calcium cyanamide:** A product obtained by the direct combination of calcium carbide and nitrogen at high temperature; 2.9 tons of pure calcium cyanamide contain 1 ton of nitrogen. This compound is ordinarily marketed under the trade name "Cyanamid," a special form of calcium cyanamide manufactured by the American Cyanamid Co. Approximately 5 tons of cyanamide contain 1 ton of nitrogen. Calcium cyanamide is also used as a raw material for the making of ammonia.

**Urea:** A compound of carbon, nitrogen, and hydrogen which can be made from ammonia or from calcium cyanamide; 2.2 tons of urea contain 1 ton of nitrogen. Urea is a white crystalline solid, somewhat resembling common salt. It can be used as such, or in mixtures, as a fertilizer; it is the nitrogen carrier which has the highest content of nitrogen of any practicable fertilizer material.

**Commercial fertilizers:** Mixtures of widely varying composition, usually containing a variety of nitrogen compounds, phosphates, and potash compounds, made by a wide variety of processes. Commercial fertilizers vary widely in nitrogen content; from 25 to 50 tons of typical fertilizers contain 1 ton of nitrogen (2 per cent to 4 per cent by weight), but higher concentration goods are often sold and used. The nitrogen contained in the fertilizer is almost invariably present in the form of one or more of the compounds described in the preceding paragraphs.

Within the last two years a process of fertilizer manufacture has been developed by which ammonia, usually after being dissolved in water to form aqua ammonia, may be added to proper dry material to make a complete fertilizer. The use of this process is now growing rapidly. It will to a considerable extent supplement, and to some extent may supplant, the use of such dry carriers as sulphate of ammonia, nitrate of soda, and other compounds in the completed fertilizer. The process makes a large freight saving possible for the liquid ammonia, which is shipped in tank cars to distribution points where dry material is added, and represents an 82 per cent nitrogen product; all other nitrogen compounds are of much lower nitrogen content.

**Anhydrous ammonia;** that is, ammonia which has been changed from gaseous to liquid form by pressure, is now being shipped in tank cars to about 100 fertilizer plants in the United States, each serving the near-by trade (Chem. & Met., October, 1929).

#### MUSCLE SHOALS NITRATE PLANT NO. 1

Plant No. 1 was designed for the direct synthesis of ammonia from hydrogen and nitrogen gases, which may be accomplished by different processes. The process used by this plant requires relatively little power, about one-fourth to one-fifth of that required by the cyanamide process adopted for plant No. 2.

The direct synthetic process involves five steps: (1) Obtaining nitrogen from the air, several methods are in use; (2) obtaining hydrogen generally from water gas, which is made by blowing steam over beds of glowing coke; (3) purifying these gases; (4) reacting these gases in the presence of catalysts to form ammonia; the ammonia may be sold as such; or (5) processed to form such nitrogen-carrying compounds as may be desired for commercial plant food or other uses.

Plant No. 1 uses a modified form of the German Haber-Bosch process. The yearly production was expected to be about 8,000 tons of nitrogen as ammonia, or 22,000 tons of ammonium nitrate, which was the compound desired for military purposes. The plant cost about \$13,000,000. Attempts to operate it after completion were not successful, so the plant has never produced nitrogen compounds except on a small scale during tests. Military authorities have several times expressed the opinion, with which civilian engineers almost unanimously agree, that the equipment has no value beyond its salvage or scrap value. However, they have expressed a desire to retain, at least temporarily, the nitric-acid and the ammonium-nitrate accessories as a military reserve for the manufacture of explosives. Apparently, however, they do not regard the nitrogen-fixing—that is, the ammonia plant—as having any present military value.

Since the plant equipment has been kept in good stand-by condition by the military authorities, parts of it could be used or salvaged if desired. The plant as a whole could not be worked unless remodeled extensively. Ordnance experts have estimated that the cost of remodeling, even for use as an experimental pilot plant of relatively small capacity, would be approximately \$500,000. A much smaller sum, probably about \$50,000, would suffice for the remodeling of the nitric-acid portion of the plant; but a new investment in platinum would be required for working the nitric-acid process if it were desired to make either

nitric acid or ammonium nitrate at this works. Most engineers believe that the remodeled plant No. 1 would not be as efficient as a new plant built to use the same process. Hence, in general, nitrate plant No. 1 is regarded as of little value, either for industrial or for military purposes. The disposition of it is, in fact, an almost negligible part of the problem of settling the Muscle Shoals question.

#### MUSCLE SHOALS NITRATE PLANT NO. 2

Nitrate plant No. 2 was built to utilize the cyanamide process. In this process two raw materials are essential, namely, coke and lime of high purity, and in addition to these a quantity of relatively pure nitrogen, obtained from the air by the fractional distillation of liquid air or by some other means. The cyanamide process is divisible into six major steps: (1) Heating together lime and crushed coke forms calcium carbide; (2) the carbide runs molten from the furnace and after being allowed to cool is ground to a powder; (3) carbide heated electrically to a high temperature absorbs nitrogen obtained by the liquid-air process, the product constitutes crude cyanamide; (4) this cyanamide may be prepared for sale as cyanamide, or further processed; (5) treating cyanamide with steam gives ammonia; (6) the ammonia may be processed to form nitrogen-carrying compounds. As the foregoing description indicates, the cyanamide process is an indirect method of manufacturing ammonia from which various carriers of nitrogen can be made.

All of the equipment of the entire plant has been kept in excellent stand-by condition by the military authorities and all of it could be put into operation in a very short time if desired. It is estimated, however, that considerable modification for improvement of plant efficiency would be desirable before operation, since the cyanamide process has been substantially improved in both European and Canadian practice since this plant was built. It has been estimated that the plant could be rehabilitated, so that it could produce to capacity for not more than \$500,000. However, complete modernization for maximum efficiency of operation would probably necessitate a somewhat greater expenditure. Rehabilitation would consist essentially of modernizing the cyanamide furnaces and modifying the equipment so that a greater output per unit of power consumed would result. This is important largely because in the cyanamide process the power consumed is the most important single item of cost in the production of nitrogen compounds, being four or five times the power needs of the synthetic ammonia process for the same nitrogen capacity.

#### COMPARATIVE COSTS OF FIXING NITROGEN

##### Plant No. 1

Ordnance experts of the War Department estimate that ignoring original cost and figuring the capital invested in plant No. 1 at only \$2,000,000, the cost of production would be 4½ cents per pound of ammonia, provided the capacity of the plant were increased from 22 to 30 tons a day.

Private manufacturers estimate that a new efficient plant, built near coking ovens, would cost about \$2,000,000, and at such a plant ammonia can be made for about 3½ cents a pound, a price that represents only the actual cost of anhydrous ammonia ready to ship to the consumer without selling costs.

##### Plant No. 2

Ordnance experts estimate that it would cost \$11,000,000 to build a plant of the capacity of No. 2—38,000 to 40,000 tons of nitrogen annually—exclusive of the power plant and other accessories now at Muscle Shoals. They estimate further that if the No. 2 plant were capitalized at \$5,500,000, which is one-half the cost of a new plant, plus \$500,000, the cost of rehabilitation, plus \$2,000,000 working capital, ammonia could be manufactured there at about 6 cents a pound. According to fertilizer manufacturers, synthetic ammonia can now be purchased in tank cars at 5½ cents a pound f. o. b. production plant. The cost of synthetic ammonia f. o. b. Muscle Shoals would be approximately 5½ cents a pound, and as the 5½ cents above given for the producing plant includes all overhead of every type and also, presumably, a profit, competition would appear impracticable.

#### STEAM POWER PLANT AT NITRATE PLANT NO. 2

A steam-power plant was built along with nitrate plant No. 2 to meet power requirements until the completion of the water-power plant at Wilson Dam. Its installed capacity is 80,000 horsepower, and foundations were put in at the time of its construction that make possible the installation of an additional 40,000 horsepower. This plant was leased to the Alabama Power Co. in December, 1921, and has been operated by the company for stand-by power. The Government receives a rental of \$10,000 a month plus an energy charge of 2 mills per kilowatt-hour.

#### WILSON DAM AND POWER PLANT

Because of the effect of varying stream flow on the power output at Muscle Shoals it is necessary in considering the disposal of this property to take into account also other dams and power projects on the Tennessee River. The most important of these are Dam No. 3 and Cove Creek Reservoir. Dam No. 1, located about 2 miles below the Wilson Dam, is required for navigation purposes alone. Although fre-

quently mentioned, it does not have any significant influence on the Muscle Shoals controversy and supplies no power.

Dam No. 3 has not been constructed, but it has featured in offers and bills for the operation or disposal of Muscle Shoals properties. The site of the dam is about 15 miles above the Wilson Dam. The estimated cost of the project is \$43,000,000, which includes the cost of the power house with an installation of 470,000 horsepower. (H. Doc. 185, 70th Cong., 1st sess.)

The fourth dam is the one projected at Cove Creek, Tenn., and although it is more than 300 miles up river from the Wilson Dam, it has been brought so much into public discussion that it has become almost an integral part of the Muscle Shoals problem. The Cove Creek project contemplates the construction of a dam 220 feet in height, creating a storage reservoir of two and one-fourth million acre-feet. The Cove Creek Reservoir is of great significance to a number of power sites on the river below. The estimated cost of this proposed development, including power house with 220,000 horsepower installed, is \$43,000,000. (H. Doc. 185, 70th Cong., 1st sess.)

Because of the large power possibilities of No. 3 and Cove Creek, the interests of eastern Tennessee and of other adjoining States have been directly concerned by the Muscle Shoals controversy, even though some of the territory lies outside of the region which could reasonably expect a direct benefit from the power generated at the Muscle Shoals Dam itself.

The principal power problem involved in the Muscle Shoals controversy centers about the Wilson Dam, Dam No. 2, on the Tennessee River. This dam and its power plant were begun during the war period, but were not completed until several years after the signing of the armistice. Since completion the plant has never been used to supply power for nitrogen fixation. Power now being generated by the Government operation of the Muscle Shoals power plant has been sold since September, 1925, to the Alabama Power Co. as dump power under a yearly contract, which provides under a recent revision for a minimum payment to the Government of \$500,000 per annum. The Secretary of War reports that the total receipts from sale of power from the Wilson Dam to June 30, 1929, amounted to \$2,639,608, and that the total operating expenses were \$750,814. The contract with the power company is revocable upon the disposal of the properties or upon a decision by the Government to use the power. A much larger return could be had under present arrangements if the Government would enter into a long-term contract.

The power machinery now installed consists of 8 units, which have a total capacity of 260,000 horsepower, while the ultimate installation proposed consists of 18 units with a total capacity of 610,000 horsepower. Under natural stream flow conditions, the firm power at Wilson Dam is slightly less than 100,000 horsepower, while with complete upstream development, the firm power should be about 380,000 horsepower, depending upon the manner in which storage reservoirs are operated.

Under complete development the Tennessee River can furnish around 1,000,000 firm horsepower. The ultimate installation of all plants is estimated to be approximately 2,500,000 horsepower (House Doc. No. 185, 70th Cong., 1st sess.). The proper coordination of the development and operation of the major sites in this watershed is essential to the full use of the water power possibilities at Muscle Shoals.

In the southeastern section, of which the Tennessee watershed is an important part, steam power and water power are very closely related, and most of the plants are interconnected into a large superpower system. The estimated additional water-power development needed for this region during the next decade (assuming a continuance of the present ratio of water power to steam power) is 1,500,000 horsepower (House Doc. No. 185, 70th Cong., 1st sess.).

#### NITROGEN AND MUSCLE SHOALS POWER

The production of power at Muscle Shoals and associated developments, when compared with power needed for nitrogen fixation at plants Nos. 1 and 2 indicate the great significance of power as compared with nitrogen. The Government has already spent at Muscle Shoals for power properties, exclusive of locks, \$55,700,000. It has spent for the two nitrate plants \$68,100,000, and the proposal now is that it shall spend in addition, for Dam No. 3, the Cove Creek Dam, and a new 40,000 horsepower unit at the nitrate No. 2 steam plant, a further sum of \$83,000,000. The national investment in Muscle Shoals would be \$207,000,000, if such plans were carried to completion. The installed capacity of the power projects would be as follows:

Power projects:	Horsepower
Wilson Dam (Dam No. 2)-----	610,000
Steam plant No. 2-----	120,000
Dam No. 3-----	470,000
Cove Creek-----	220,000
	<b>1,420,000</b>

The maximum power required to produce 50,000 tons of nitrogen—the approximate total capacity of plants No. 1 and No. 2—would be 130,000 horsepower, leaving an excess installation of 1,290,000 horsepower. Expressed in kilowatt-hours, these power plants have a possible output of 4,500,000,000 kilowatt-hours, while the energy requirements to produce 50,000 tons of nitrogen by the cyanamide process (assuming 15,000 kilowatt-hours per ton) is 750,000,000 kilowatt-hours and by the direct synthetic process 200,000,000 kilowatt-hours.

#### MAJOR SOURCES OF NITROGEN

Industrial nitrogen supplies come from three main sources: (1) Chile nitrate, extracted from the caliche with which it occurs on the arid Chilean plains; (2) ammonia, obtained as a by-product during the coking of coal for the purpose of making city gas or coke for metallurgy; and (3) synthetic compounds, made by any one of several chemical processes, among the principal ones of which are the direct synthetic process, the cyanamide process, and the electric-arc process.

Chile nitrate: At the present time and for many years to come the production of Chile nitrate will depend on the administrative decisions of company and Government authorities in Chile as to the rate at which their plants should be operated for the best interests of the companies and that country. Present plants are capable of much greater production than has been practiced during any recent year, and they could be still further expanded to at least double the present world requirement for this type of nitrogen compound. (Chem. & Met. Eng.)

By-product ammonia: The rate at which ammonia will be produced at coke and gas works depends solely on the rate which industrial requirements for gas and coke dictate. For each ton of coal processed in such works approximately 25 pounds of sulphate of ammonia is made. In the United States at the present time production of ammonia at by-product works corresponds approximately to 40 per cent of the United States consumption of chemical nitrogen.

A quick glance at the progress made in the production of sulphate of ammonia in the United States is afforded by the following summary and also by the chart, page 19:

Year	Ammonium sulphate (short tons)	Nitrogen content (short tons)
1899-----	19,500	4,134
1913-----	149,000	31,588
1928-----	788,000	157,056

The total production from this source is growing steadily, at a rate of approximately 10 per cent per year; but the nitrogen consumption of the country is probably growing at a somewhat faster rate than by-product production. Hence, it may be expected that for some time to come, if not indefinitely, the by-product ammonia, though an important part, will be a somewhat decreasing important factor in the country's nitrogen situation.

Arc process.—The first processes successfully fixing nitrogen from the air were developed in the Scandinavian countries, where the arc process was used. That process, though still operating with technical success, requires so much more current per unit of ammonia made (60,000 kilowatt-hours per ton of nitrogen) that no additional plants of this type have been built in recent years.

There are now only three or four plants in the world using the arc process.

Cyanamide process.—The nitrogen output from the arc process was soon exceeded by the cyanamide process, which until the past few years required 15,000 to 18,000 kilowatt-hours of energy per ton of nitrogen produced. The cyanamide process formed the backbone of successful nitrogen fixation during the war period, both in Germany and elsewhere. Since the war its operating efficiency has been materially improved, so that it requires now only about three-fourths as much electric current per unit of ammonia made as was required in war-time plants. Even with these improvements it has not advanced as rapidly in any part of the world as have the direct-synthetic processes. Of the world's supply of nitrogen for the fertilizer year 1928–29, cyanamide plants furnished something less than 10 per cent of the world total of chemical nitrogen compounds.

Synthetic process.—Next in the course of development came the direct synthetic process, in which electric power ceased to have controlling importance, for it required only 4,000 to 5,000 kilowatt-hours for all purposes per ton of nitrogen fixed.

In 1913 the world production of fixed atmospheric nitrogen was 90,000 tons. Just how the production was divided, we do not know, but we do know the number and capacity of the plants then in operation. There were 7 arc plants, with a capacity of 20,000 tons; 15 cyanamide plants with a capacity of 60,000 tons, and 1 direct synthetic ammonia plant, with a capacity of 7,000 tons, or 8 per cent of the total plant capacity. In 1929 the world production of synthetic ammonia by the direct synthetic process alone was over 1,000,000 short tons.

The following is a list of plants producing nitrogen synthetically in the United States:

Company, location, and annual capacity in net tons of nitrogen	
Matheson Alkali Co., Niagara Falls, N. Y.-----	5,400
Roessler-Hasslacher Chemical Co., Niagara Falls, N. Y.-----	2,900
Pacific Nitrogen Corporation, Seattle, Wash.-----	1,400
Great Western Electric Chemical Co., Pittsburg, Calif.-----	1,000
Du Pont Ammonia Corporation, Charleston, W. Va.-----	36,000
Atmospheric Nitrogen Corporation, Syracuse, N. Y.-----	14,400
Allied Chemical & Dye Corporation, Hopewell, Va.-----	72,000
<b>Total-----</b>	<b>133,100</b>
(Chem. & Met. Eng.)	



*World nitrogen production*  
[In short tons of nitrogen]

	Fertilizer year 1928-29	Per cent of total
By-product ammonium sulphate.....	414,000	17.8
Synthetic ammonium sulphate.....	535,000	22.9
Total ammonium sulphate.....	949,000	40.7
Cyanamide.....	231,000	10.0
Calcium nitrate.....	150,000	6.4
Other forms of nitrogen from synthetic processes (including aqua ammonia).....	402,000	17.3
Other forms of by-product nitrogen (including aqua ammonia).....	56,000	2.4
Chile nitrate.....	540,000	23.2
Total production.....	2,328,000	100.0

(Estimates by British Sulphate of Ammonia Federation.)

NITROGEN AND NATIONAL DEFENSE

At the time of the building of the Muscle Shoals nitrogen plants the fixing of nitrogen from the air by synthetic processes was in a more or less experimental stage. That condition no longer is true. To-day the building of synthetic-ammonia plants can be planned with certainty, and the only limiting factor on their erection and operation is the financial judgment of owner companies. During 1929 something more than 100,000 tons of ammonia were made in the United States by the direct-synthetic processes alone. This amounted to more than 20 per cent of the United States requirements for nitrogen compounds. In case of emergency plants of this character could be expanded or duplicated indefinitely. Hence at the present time there is probably no contingency which could not be promptly and adequately met so far as nitrogen supply of the United States is concerned without the development of any new knowledge and without the expenditure of any excessive sums of money, such as were required for the building of the Muscle Shoals plants.

If our country should become involved in a war of major proportions, it would require for military explosives, according to the best authorities, a maximum of approximately 140,000 tons of nitrogen per annum.

In 1918 the estimated consumption of nitrogen for military uses was 151,000 tons. That was the maximum consumption of the United States for all time. Then we were manufacturing explosives not only for ourselves but for the Allies. It is not likely that this record will ever be equaled in the future, for now practically all of the greater nations are independent as to nitrogen-producing capacity.

In addition to the present capacity of synthetic-ammonia plants, amounting to 133,100 tons of nitrogen, it is worthy of note that ammonia, from whatever source, can be oxidized to the nitrate form at reasonable cost and is therefore equally available for military purposes. By adding the actual production of by-product ammonia to the capacity for synthetic production, we have now a total capacity for 316,000 tons of nitrogen annually.

MUSCLE SHOALS AND FERTILIZER

The proper disposition or use of Muscle Shoals nitrogen and power plants require study of the relation of these projects to the American nitrogen and fertilizer situation as a whole. Complete fertilizers contain three essential plant foods, nitrogen, phosphate, and potash. Hence, a consideration of the nitrogen factor alone is not sufficient to determine the merit or limitation of any proposal. The nitrogen considerations must in all cases be studied in their relation to the other fertilizer constituents and to the possibility of getting a useful fertilizer or fertilizer constituent to American farmers. For example, any fertilizer manufacturer operating at Muscle Shoals must either buy a phosphate or produce it from phosphate rock. In obtaining this ingredient he would now have no advantage over other manufacturers operating at sites more advantageously located for obtaining coke. His supply of potash, which is largely imported, might be obtained at a disadvantage. As for the nitrogen costs, the estimates already given indicate no advantage at Muscle Shoals over other localities where modern plants are located.

It is contended by some that phosphate rock in Tennessee can be mined advantageously for use at Muscle Shoals. At present approximately 80 per cent of the phosphate used is mined in Florida. Domestic potash deposits are located mainly in States west of the Mississippi, but even if western potash explorations should result in commercial production in the near future, it is not apparent that they would result in any advantage to a manufacturer located at Muscle Shoals.

NITROGEN AND FERTILIZER

When the Muscle Shoals site was selected there was a world shortage of nitrogen compounds for military purposes; and it appeared, as has since been proven true, that greatly increased supplies of nitrogen compounds in peace time would be required to supply the agricultural needs of the American farmer as well as the nitrogen requirements of world markets as a whole. It was natural, therefore, that one of the main advantages anticipated for the Muscle Shoals project was the

production of additional nitrogen compounds, both immediately for military use and in subsequent peace times for agricultural supply. Apparently this concern over a future nitrogen shortage was general, for all of the leading nations set out upon a program of nitrogen production resulting in a very marked change in the situation from what it was in 1917 and 1918. There is at the present time, through a combination of circumstances, a world surplus of nitrogen supply. This surplus has become so great that a number of groups of producers, notably the producers of Chilean nitrate, are threatened with financial disaster for their projects. The magnitude of these changes is evident from the comparison of world production of nitrogen compounds in 1913, containing about 1,400,000 short tons of nitrogen, with the output of 1929, when something in excess of 2,330,000 tons of nitrogen was contained in the commercial production of various compounds. (Annual reports of the British Sulphate of Ammonia Federation.)

The increase from pre-war shortage to postwar surplus of nitrogen compounds has been accelerated by many factors. Not the least of these influences has been the desire of all important nations of the world to become self-sustaining with respect to nitrogen supply, so that they need no longer fear interruption of world trade in nitrogen in case of military emergency. This nationalistic trend has, indeed, occasioned much subsidy of nitrogen plants and some obviously uneconomic developments that would not by any sound engineering or commercial analysis have been justified on their technical merits alone. The rate of increase in nitrogen production has been constantly accelerated. The change from 1928 to 1929, amounting to approximately 23 per cent increase in output for the single year, is especially notable. World consumption of nitrogen, principally in agriculture, has also grown steadily, but by a smaller percentage. For example, the world consumption increased from 1928 to 1929 by only 14 per cent, a rate less than two-thirds of the production increase above noted. Still further increases in consumption of nitrogen may be expected, but there is no evidence that consumption requirements will overtake production possibilities within the next few years. This situation is true, both upon a world basis and for the United States, if one takes into account United States imports and exports as well as domestic production. This is further illustrated by the fact that in 1921 we did not produce a single ton of synthetic nitrogen by the direct ammonia process. In 1929 our production was approximately 85,000 tons. Production is being increased rapidly, the rate being limited only by market demands.

In general, it may be said that nitrogen carriers are world products, competing in world markets at world prices. It would scarcely appear probable that the fixation of 40,000 tons of nitrogen at Muscle Shoals would cheapen fertilizers generally for the American farmer. At best its effect would be only temporary and local, and would depend largely upon the capital and power costs entering the costs of production. It is the opinion of fertilizer manufacturers that the chief effects of such production under Government operation or subsidy would be to seriously check private initiative and inventive effort, and, temporarily, perhaps, reduce local prices, but in the long run it would injure rather than help the American farmer.

The United States used about 7,800,000 tons of commercial fertilizer of all kinds in 1928. This plant food contained approximately 3 per cent of nitrogen, 10½ per cent of phosphoric acid, and 3½ per cent of potash. Assuming a consumption of 7,800,000 tons, this means: 234,000 tons of nitrogen, 819,000 tons of phosphoric acid, 273,000 tons of potash. (Above data furnished by National Fertilizer Association.)

The following table indicates the apparent nitrogen consumption in the United States in 1928 and 1929:

Production	1928	1929
At coke works.....	164,500	183,000
At gas works.....	6,500	6,000
From the air.....	27,000	84,000
Bone distillation, etc.....	200	200
Total production.....	198,200	273,200
Excess of imports over exports.....	233,600	195,400
Apparent United States consumption.....	431,800	468,600

(Chem. & Met. Eng., Jan. 1930.)

Our estimated total nitrogen production in 1929 was 273,000 tons, as compared with the 1928 use for fertilizer of about 234,000 (1929 figures not available). The balance was used largely by explosive and chemical industries. Obviously these industries and the farmer—in fact, farmers the world over—have benefited by the nationalistic spirit which has led each country to strive to make itself independent of the rest of the world for its supply of nitrogen.

In the spring of 1923 the price of nitrate of soda was \$3.90 per unit of 20 pounds of nitrogen. The price of sulphate of ammonia by the same unit was \$3.42. The price of nitrate of soda is now about \$2.73 per unit, and the price of sulphate of ammonia has dropped to \$2 (National Fertilizer Association). Prices since 1923 are shown on the accompanying graph. The problem is no longer one of supply. It is rather one of demand and of the economic factors affecting demand,

particularly the demonstration of fertilizer benefits and the purchasing power of the farmer.

Clearly among the functions of government are the prevention of invasion and the prevention of internal disaster, and one of the chief considerations in realizing these objectives is an adequate supply of usable nitrogen. Its place in the manufacture of explosives for war is always apparent, and the need can be quite closely approximated. On the other hand, the internal needs of a nation, particularly in furnishing its food supply, are not so readily definable. One of the greatest factors in furnishing food supply is the element nitrogen, largely available in the virgin soil. It is nitrogen that is the controlling factor in the formation of proteins, while proteins, so prominent in dairy products, eggs, and meats, are the recognized body builders, essential particularly to the laborer, upon whose efforts American industry is so dependent.

It is encouraging, therefore, that as the virgin fertility of the soils of the United States is being gradually depleted through use for food production the resources of science and industry are being marshaled to rehabilitate the soils artificially, and to a growing extent on a quantity and cost basis suitable to broad application.

#### MUSCLE SHOALS AND INDUSTRY

Under the provisions of the national defense act the sole purpose of the Government in building Muscle Shoals properties was to furnish products needed for munitions of war and for fertilizers. Progress in the art of nitrogen fixation has decreased the value of power in manufacturing nitrates and ammonia, and this fact, together with the growing obsolescence of the Muscle Shoals nitrate plants, has brought into greater prominence the Wilson Dam power plant, which is now recognized as the most valuable asset at Muscle Shoals. The development of the power problem in proposals for the disposition of Muscle Shoals properties has resulted in requests for construction of power plants in addition to the Wilson Dam power plant, as has been pointed out heretofore. In fact, the question of what shall be done with these properties now hangs largely on the proposition of developing more power with Government money. The development and lease of such power is being asked as an inducement to the operation of the nitrate plants and the manufacture of nitrates and ammonia.

It is the contention of representatives of certain industries, particularly electrochemical and electrometallurgical enterprises, that in any final settlement of the Muscle Shoals problem, the influence on industry of the power policies there adopted be taken into account. They point out that certain industries are being forced from the United States because cheap power, which is essential to their livelihood, is no longer obtainable, and they ask that consideration be given to the public benefits which they believe would result from a governmental power policy that would aid in retaining such enterprises in the United States.

In so far as the use of Government money in power development would result in cheaper power than could be produced with private financing, the business enterprise obtaining such governmental assistance would have an obvious advantage over its competitors in meeting its power needs. Furthermore, the legality of and justification for these additional power features must, apparently, be based upon some other constitutional provision and economic necessity than those cited in the national defense act. Thus new policies in the relations between Government and industry and between competing enterprises in the same industry are suggested in proposals for the disposition of Muscle Shoals properties.

The policies which the Federal Government has pursued with respect to its water powers are discussed at length in another report of this committee. In the main, these policies have been to permit and encourage water-power development by private industry under conditions of regulation and supervision that protect the public interest as laid down in the Federal water power act. This act provides equal opportunity for all private enterprise, including public utilities. Regarding preferences, other than preferences to States and municipalities, it stipulates:

"As between other applicants, the commission may give preference to the applicant the plans of which it finds and determines are best adapted to develop, conserve, and utilize in the public interest navigation and water resources of the region if it be satisfied as to the ability of the applicant to carry out such plans."

The Federal Power Commission, created by the water power act, is authorized and directed to favor the plan that furthers the greatest public interest. The commission is composed of the Secretaries of War, Interior, and Agriculture, and is aided by department personnel and an executive organization especially qualified by experience in the power, navigation, and other water-resource fields. Removal of the Tennessee watershed, the several developments involved in the Muscle Shoals controversy, or even the Wilson Dam power plant, from the jurisdiction of the commission would interfere with the proper coordinating and the most comprehensive planning for flood control, navigation, and power development by it.

#### MUSCLE SHOALS AND EXPERIMENTATION

Both President Hoover and ex-President Coolidge, while indicating their belief that Muscle Shoals properties are not needed for national

defense and are of doubtful value as a means of cheapening fertilizers, have suggested that the plants could be "dedicated to agriculture" by applying the proceeds from the sale of power to experimentation in the science of fertilizer manufacture and use. There is a need, according to the present Secretary of Agriculture, for the improvement of fertilizers, fertilizer practice, and soil management, and to this end he urges the use of revenue derived from Muscle Shoals.

There is a difference in the meaning of the word "experimentation" as used in the different proposals which have been before Congress. In some instances laboratory work is contemplated, while in other instances "experimentation" may grow to mean the general manufacture, distribution, and sale of a complete fertilizer which would be tantamount to an experiment in Government in business.

The great progress that has been made in recent years in nitrogen fixation has resulted from a widespread research in this field, both by governmental and private agencies. The opinion has been expressed by many authorities that this progress will continue without any particular inducement or effort on the part of the Federal Government of the nature contemplated at Muscle Shoals.

#### EXHIBIT

##### OUTLINE OF PENDING PROPOSALS FOR THE USE OR DISPOSITION OF MUSCLE SHOALS PROPERTIES

S. J. Res. 49. By Mr. NORRIS, of Nebraska. Introduced May 28, 1929, and referred to Senate Committee on Agriculture. Reported from committee May 29, 1929. Now on Senate calendar.

Under the plan here proposed the Muscle Shoals project would be operated by a Muscle Shoals corporation with a board of three directors named by the President and confirmed by the Senate. These directors would serve for terms of six years. Directors would receive \$50 per day when actually engaged in the performance of their duties. For the first year they might not receive more than \$7,500, and after that \$5,000. The directors would have to be American citizens and could not have any financial interest in (1) any public-utility corporation engaged in the distribution and sale of power; or (2) in any corporation manufacturing, selling, or distributing fixed nitrogen. No member of the board could have any interest in business that would be adversely affected by the success of the Muscle Shoals project as a producer of fertilizers.

Organization: The affairs of the corporation would be in charge of a general manager and two assistants, the latter to be experts in nitrogen production and hydroelectricity, respectively. All three could receive in salaries not over \$50,000 per year, the apportionment among them to be fixed by the board.

Powers: In addition to the enumeration of its purely formal powers the corporation through its board would be authorized:

To engage experimentally in the manufacture of fertilizer or fertilizer ingredients at Muscle Shoals, using existing plants and building such additional ones as may be necessary.

To contract with commercial producers for such fertilizer or material as may be needed for the Government's program in excess of the production at Muscle Shoals. These contracts might provide for either (1) outright purchase by the Government or (2) payment of carrying charges on special material used in manufacture for Government use.

To arrange with farmers and farm organizations for large-scale practical use of new forms of fertilizers under conditions permitting accurate measurement of their economic return.

To cooperate in experimental work on new forms of fertilizer or fertilizer practice with national, State, county, or district experiment stations.

To manufacture fixed nitrogen at Muscle Shoals by using existing facilities, in such form as to make it immediately available and practical for use by farmers.

To use not exceeding 1 per cent of output for demonstration work through agricultural colleges and county agents.

To make changes in existing plants and facilities.

To establish, maintain, and operate laboratories and experimental plants looking to the furnishing of nitrogen for military and agricultural purposes in the most economical and efficient manner possible.

To request the assistance and advice of any of the Government employees in carrying out the purpose of the bill and to secure such assistance by direction of the President.

To manufacture and sell explosives or their nitrogenous content to the United States upon request of the Secretary of War or the Secretary of the Navy.

To allot and deliver without charge to the War Department, upon request of the Secretary of War, such power as may be required to operate locks and other navigation facilities.

To produce, distribute, and sell electric power as herein specified.

To sell the product of the corporation only within the United States and its Territories, and possessions, except when sold to the United States Government for the use of the Army and Navy or to allies of the United States in time of war.

In order that the corporation may exercise the powers conferred upon it by the bill, it would take over the plant at Muscle Shoals—nitrate plants 1 and 2, fixed nitrogen research laboratory, Waco Quarry, Dam



No. 2, power house and all hydroelectric facilities. Real estate necessary for the use of the corporation would be transferred to it also by order of the President.

The corporation would have its principal office at Muscle Shoals. It would have a legal domicile in the northern judicial district of Alabama for the purpose of civil suits; would keep the necessary books of account and records, and would file annually with the President and Congress a report of its operations, including employees receiving more than \$2,500 a year; audit of corporation's accounts would be by the General Accounting Office and also by private firms upon request.

**Power:** The Government policy with respect to power is declared to contemplate the distribution of any surplus generated at Muscle Shoals equitably among the States within transmission distance. The board would have authority to sell this surplus power to States, counties, municipalities, corporations, and individuals under contract running for not longer than 10 years, giving preference to States, counties, or municipalities purchasing current for distribution to customers. Either from appropriations or from proceeds of power sold, the board could construct or lease transmission lines for the purpose of transmitting power from Dam No. 2 and the steam plant. Where a State, county, or public cooperative organization (not doing business for profit) construct or agree to construct transmission lines to the Shoals, the board might contract with them for not longer than 15 years, allowing them an opportunity to meet the requirements of their local laws in making such contracts. Any surplus power not sold as above, when disposed of for resale would be sold subject to a stipulation that the resale price is to be reasonable, just, and fair, as determined by the Federal Power Commission. Where rates to the ultimate consumer are higher than rates considered fair and reasonable by the Power Commission, the contract with the distributor would be canceled.

**Proceeds:** From the sale of power generated at Dam No. 2 or from the steam plant, 5 per cent of the gross proceeds would go to the State of Alabama; 5 per cent of proceeds of power sold from Cove Creek Dam would go to Tennessee. Upon completion of Cove Creek Dam (see below), of the excess power thereby generated at Dam No. 2, there would be paid to Alabama and Tennessee  $2\frac{1}{2}$  per cent each. In estimating proceeds for the purpose of figuring these percentages, the board would not consider power sold to the United States and used on locks in Tennessee River, for experimental purposes, for fertilizer manufacture, or for any Government purpose. Net proceeds from power sales and manufacture of products authorized by the corporation would be paid into the Treasury of the United States annually.

**Nitrogen:** The Government policy with respect to nitrogen is to provide for its manufacture for agricultural purposes in time of peace.

**Cove Creek:** The Secretary of War is authorized to construct, directly or by contract, the Cove Creek Dam on the Clinch River, Tenn., including hydroinstallation sufficient for the generation of 200,000 horsepower, this project being intended to regulate the flow of the Clinch River so that a maximum output of power may be secured through Dam No. 2 and any other dams below Cove Creek.

Citing national defense and flood control as authority for legislating the bill would authorize the Secretary of War to carry out the Cove Creek project, exercising eminent domain wherever necessary, and securing flowage rights where required, and making the necessary contracts with other interests. When the Cove Creek Dam is completed it would be turned over to the Muscle Shoals corporation.

**Access to patents:** As an instrumentality of the Government, the corporation would have access to the Patent Office for the purpose of developing fixed nitrogen processes. Patentees whose patents have been used for this purpose could sue the Government for adequate compensation in the Court of Claims.

**Appropriations:** For the work of the board, as authorized by the bill, there would be an appropriation of \$10,000,000, of which not to exceed \$2,000,000 could be expended on the Cove Creek Dam during the calendar year of 1929. There is also authority for whatever additional appropriations are necessary for the purposes of the act.

S. 1302. Mr. BLACK. A bill to authorize and direct the Secretary of War to execute a lease with Air Nitrates Corporation and American Cyanamid Co., and for other purposes. This bill sets out the text of a lease with elaborated provisions extended to 82 pages of print.

The lessee would be the Air Nitrates Corporation, of New York, a subsidiary of the American Cyanamid Co. The lessee could assign the lease only if permitted by special act of Congress. The American Cyanamid Corporation would guarantee performance by lessee of all of its obligations under the lease. Within 60 days the lessee would increase its capital stock to \$50,000,000 to be paid in in cash as required for carrying out the provisions of the lease, not less than \$10,000,000 cash to be paid in within three years. Lessee could organize subsidiary corporations, all of the stock of which it would have to own for the convenient execution of its various obligations under the lease, but the lessee and the Cyanamid Co. would continue fully responsible under the lease. (A particular subsidiary is mentioned below, under construction by lessee.) There is a covenant in the lease that if the lessee, the Cyanamid Co., or any subsidiary engaged in the manufacture of concentrated fertilizer on

the premises covered by the lease cease to be American controlled the fact is to be deemed a default.

The term would be 50 years.

The properties included would be the "Muscle Shoals development," specifically including:

Dam No. 2 with installed equipment to generate 260,000 horsepower with a tie line of capacity at least 120,000 horsepower to steam plant at nitrate plant No. 2;

Dam No. 3 with installed equipment sufficient to generate 250,000 horsepower, with tie line of same capacity to power house at dam No. 2;

Cove Creek Dam, for which see below under "construction by Government";

Nitrate Plant No. 2, including its 80,000 horsepower steam plant, Waco limestone quarry, and sulphuric-acid plant (but not platinum catalyzers);

Nitrate Plant No. 1, including its power house and transmission lines; Locks, navigating facilities, and housing designated by the Secretary of War are excluded.

The rental would be 4 per cent annually upon the amount spent by the Government after May 31, 1922, in the acquisition and construction of Dam No. 2, its power house and accessories, and such a further sum annually as would amortize this amount at 4 per cent in 100 years, but with a provision that of the rental due in each of the first six years but \$200,000 a year would be currently payable, the balance being postponed to the thirty-fifth year and the subsequent 15 years, over which the whole of the postponed payments could be evenly divided. Upon completion of Dam No. 3 and its equipment and accessories, there would be payable 4 per cent annually upon the Government's expenditures upon it, less \$6,000,000 (the sum so determined not to exceed \$32,500,000, except by mutual agreement), plus a further annual amount sufficient for amortization in 100 years, with a provision that during the first six years after completion the portion of the annual amount currently payable is to be \$160,000, the balance being postponed as above. Moreover, the annual sum of \$35,000 as to Dam No. 2 and \$20,000 as to Dam No. 3 would be payable quarterly for repairs and maintenance, and the operation of locks, and the lessor would provide power for the operation of the locks. Finally, the lessee would pay a royalty of 5 cents a ton on limestone from Waco Quarry. On account of Cove Creek Dam, when completed by the Government and turned over, the annual rental would be 4 per cent upon the Government's expenditures, not to exceed \$20,000,000, an annual amount sufficient at 4 per cent to amortize cost in 100 years, and an annual amount, not exceeding \$50,000, equal to the cost of repairs, maintenance, and operation of locks in the preceding year. If the Cove Creek Dam and installation should not be completed in 10 years, the lessee would thereafter and until such completion have its rental on account of Dam No. 3 reduced to a basis of 2 per cent a year.

**Construction by lessee:** The lessee would at its own cost increase the capacity of the steam plant at nitrate plant No. 2 from 80,000 horsepower to 120,000 horsepower. At the expense of the Government the lessee would increase the capacity of the plant at Dam No. 2 from 240,000 horsepower to 600,000 horsepower, doing the work at cost and without any profit.

Within 90 days lessee would have to organize a subsidiary corporation authorized to develop and distribute power and cause it to file with the Federal Power Commission an application as to three dam sites on the Clinch River in Tennessee, with preferential rights for three years to a license to develop these sites, or any of them, license to construct and operate to be given under the Federal power act if application is made within the three years, construction to be according to plans and specifications approved by the Secretary of War. In connection with these developments there could be no charge on account of Cove Creek Dam on Clinch River.

**Construction by Government:** The Government would be bound at once to proceed with and complete Dam No. 3. The Government would also be obligated to build the Cove Creek Dam on the Clinch River with a height of 250 feet and a power installation generating at least 200,000 horsepower, these new properties to come under the lease.

**National defense:** For purposes of national defense the lessee would undertake to maintain nitrate plant No. 2 in condition to have the effective capacity in ammonium nitrate it now has, and to keep in its employ after the third year a superintendent and foreman competent in operation, these undertakings to remain in force until the Secretary of War certified such maintenance of the plant is no longer required for national defense.

**Nitrate plant No. 1** the lessee would have the right to alter, remodel, and reequip. Upon demand of the President when war exists, or in his judgment is imminent, the lessee would surrender for the period of the emergency all or any part of the properties, compensation being determined by the Federal district court.

**Fertilizer:** In the present plants, or in plants erected by lessee, the lessee would undertake to produce ammonium phosphate, or other nitrogenous concentrated fertilizer, suitable for use by farmers for direct application or home mixing, this fertilizer to contain at least 40 per cent of plant food in terms of ammonia, phosphoric acid, and/or potash.



Production would begin with use of the cyanamide process. Before the end of the second year of the lease, the lessee would erect phosphoric acid and ammonia phosphate plants sufficient to provide annually concentrated fertilizer containing not less than 10,000 tons of fixed nitrogen and 40,000 tons of plant food as described above, this annual capacity being reached by the end of the third year. When for three successive years lessee has succeeded in selling this annual output at cost plus 8 per cent, lessee would undertake to double the capacity and output. Upon sale of this increased output for three successive years at cost plus 8 per cent, and if the Government has completed the Cove Creek Dam, described above under "construction by Government," lessee would undertake to add capacity for 10,000 more tons of fixed nitrogen, and so on until a total capacity of 50,000 tons was reached, the lessee having an option to offer the last 10,000 tons for sale in a form containing 30 per cent of the three elements of plant food—ammonia, phosphoric acid, and/or potash. All of these requirements for production would be subject to a provision that lessee could suspend production so long as it had in storage unsold at least 25 per cent of the annual requirement, and during such suspension all profits from the power released would be credited to the cost of the fertilizer.

If, after 15 years, the lessee should suspend fertilizer production for an aggregate of 18 months in any period of 36 months, there is provision for a board of arbitration to determine whether or not it is reasonably to be expected that commercial production of fertilizer will be permanent. If the arbitration body by a majority reaches an affirmative conclusion, Congress at its next session, or if it does not act the Secretary of War, could determine which of three provisions was to be put into effect: (1) An additional rental to be paid by lessee during suspension of fertilizer production, the amount to be determined by a majority of an arbitration board, and not to be less than 4 per cent nor more than 5 per cent on the expenditures of the Government as earlier defined; (2) surrender to the Government for operation, without any royalties from the Cyanamid Co. or subsidiaries for patents and processes during the remainder of the 50-year period, of the facilities and equipment for fertilizer production with payment to lessee of the cost to it of such properties less depreciation, as determined by independent accountants; in the event this option were exercised lessee would supply stated amounts of power at cost, cost not to exceed the lowest selling price for other purposes; or (3) surrender of all the properties covered by the lease, with payment by the Government to the lessee of its investment in plants and equipment added by it, less depreciation, as determined by the majority of a board of arbitration. All obligations of lessee would then cease, but it and the Cyanamid Co. would waive for the remainder of the 50-year period any royalties on processes if the Government operated the properties for production of fertilizer.

**Sale of fertilizers:** Lessee could sell concentrated fertilizer, as above described, to farmers and other consumers in the United States at a maximum selling price, f. o. b. factory, consisting of fair actual cost plus 8 per cent of such cost. The items to be included in cost are set out in detail. Materials and equipment most reasonably capable of production at the plant could be purchased from the Cyanamid Co. or its subsidiaries at fair market prices approved by the farmers' board mentioned above. Power would be at cost, with secondary power, the cheaper form, used as far as possible. Interest on the investment would be at 6 per cent. Depreciation and obsolescence would be at 10 per cent. For experimentation and research as approved by the farmers' board actual cost not exceeding \$1 a ton of fertilizer produced would be included, as well as the expenses of the farmers' board. No royalties to the Cyanamid Co. or its subsidiaries for processes are to be included, and no compensation paid to any officer of the Cyanamid Co. or any of its subsidiaries. No compensation could be included for officers of any corporation organized exclusively for the conduct of the fertilizer business.

**Farmers' board:** There would be a farmers' board of not more than nine members, two appointed by the lessee and seven nominated by the President from names proposed by national farm organizations and confirmed by the Senate. The members would receive their expenses and a per diem and would have a full-time secretary. The duties would be to check all matters relating to fertilizer production, make regulations for distribution of fertilizer produced, determine the extent of the research to be conducted by the lessee, etc.

**Excess power:** Power not required for fertilizer production, operation of locks, local industry for electrochemicals or electrometals useful for national defense, or for the lessee, the Cyanamid Co., or subsidiaries, would be disposed of for purposes of distribution subject to applicable State and Federal laws.

**Termination of lease:** Upon termination of the lease, except in case of termination through the provisions of the third alternative outlined above after permanent suspension of fertilizer production, all buildings and equipment installed by lessee and used for fertilizer production would become the property of the Government, without payment to lessee. For steam power plants, transmission lines, hydroelectric installation, etc., added by lessee at its expense it would receive fair value, which could not exceed actual cost less reasonable depreciation.

Other manufacturing plants, equipment, etc., the lessee could remove within a reasonable time.

If the Government failed to fulfill any of the obligations it undertakes, the lessee upon notice of 90 days could exercise an option to terminate the lease. Likewise, the Government could terminate, upon a notice of 90 days, if lessee were in default, there was breach of the covenant as to American control or bankruptcy. The fact as to default would be ascertainable by the Federal district court.

**Other power installations:** The Government would agree not to authorize or permit any third party to construct or operate any other dams on the Tennessee River or tributaries which could materially impair the facilities covered by the lease.

**Status:** Introduced and referred to Senate Committee on Agriculture and Forestry May 27, 1929.

**S. 1303. Mr. BLACK:** A bill to provide for the preservation, completion, maintenance, operation, and use of the United States Muscle Shoals project for war, navigation, fertilizer manufacture, electric-power production, flood and farm relief, and for other purposes, and in connection therewith the incorporation of the Farmers' Federated Fertilizer Corporation, and the lease to it of the said project.

**Corporation:** A corporation, the Farmers' Federated Fertilizer Corporation, would be created with a Federal charter for 50 years. John W. Newman, Versailles, Ky., A. P. Sandles, Ottawa, Ohio, and A. L. Sponsler, Hutchinson, Kans., are named as incorporators. The principal office would be at Muscle Shoals, Ala. There would be at least five directors, and the president and vice-president would have to be directors, all to be citizens and residents of the United States. There would be exemption from all Federal taxes. The authorized capital stock would be 1,000,000 shares, with or without par, but any preferred stock would have a par of \$100, with a dividend rate not over 7 per cent and redeemable after one year at not more than \$110. Common stock could be issued at such times and for such considerations as the directors saw fit, but all common stock would have to be placed in a voting trust, the trustees being seven in number and American citizens. Vacancies would be filled by the other trustees. Record of all stockholders, copies of by-laws and other corporate documents, copies of the voting-trust agreement, etc., would be filed with the Secretary of War.

**Lease:** To this corporation would be leased for 50 years the Muscle Shoals project, defined as Dam No. 2 and its generating plants, nitrate plant No. 1, nitrate plant No. 2, and Waco quarry, together with all property and rights, including after-acquired, owned by the United States for use in connection with the Muscle Shoals projects. The lease would not be executed until the President was satisfied that the corporation would be able to make adequate financial provisions for the performance of its obligations. Upon the corporation showing to the Secretary of War that not less than \$1,000,000 in cash had been subscribed for its stock, it would be entitled to receive the executed lease.

**Rental:** Rental payments would begin the year after Dam No. 2 has been put into commercial operation with eight generating units and would be payable out of receipts from sales of power, but no rental is payable on power used for production of fertilizer. Rental would be \$17.52 per kilowatt-year of 8,760 kilowatt-hours for primary power. Rental for steam-generated power would be decreased by the cost of the steam operation. The rental would also be decreased by any payments of tribute ordered by the Federal Power Commission on account of upstream storage dams. If receipts in any year are not sufficient, after expenses, maintenance, and repairs, to provide any part of the rental for that year the rental is to be reduced for that year by the amount of the deficit.

**New construction:** The corporation would be authorized, at its own expense, to reconstruct and extend the existing nitrate plants, according to plans approved by the Secretary of War, to add additional equipment to Dam No. 2, to construct Dam No. 3, and also to construct the Cove Creek Dam and three other dams on the Clinch River, with generating equipment, transmission lines, etc., operating, except as to Dam No. 2, under the Federal water power act. For these purposes the corporation could issue its debentures. The corporation would also agree to add a generating unit of 40,000 horsepower capacity to the steam plant at nitrate plant No. 2 and add generating units at Dam No. 2 as needed. Within 90 days of enactment of the bill the corporation would have to incorporate a subsidiary under State law to make application to the Federal Power Commission as to Dam No. 3 and the other dams on Clinch River, the commission being directed to issue the appropriate permits and to construct according to plans approved by the Secretary of War.

**War emergency:** The President in time of war, or when he considers war imminent, might take over any part or all of the project, returning it after the emergency has passed. The term of the lease would be extended for a corresponding length of time. Rentals would be abated for the period when the corporation was not in possession. As compensation the Government would pay to the corporation an amount sufficient to meet accruing obligations of the corporation, yearly amounts equal to amount corporation was placing in sinking fund to retire obligations, all taxes, expenses incident to maintaining such plant and organization as are not taken over, dividends on preferred



stock, and a fair return on all money invested, this being reduced by the amounts on account of interest and dividends earlier mentioned. From these provisions would be excluded the properties constructed by the subsidiary and any parts of project that can be profitably operated independently.

**Fertilizer:** The corporation would undertake to manufacture fertilizer or fertilizer bases, without profit, with a proviso that no loss is to be incurred. Power for this purpose is to be free of rental, and only the cost to the corporation of producing the power would be charged to fertilizer. The cost of fertilizer would include interest at 7 per cent on the capital used by the corporation in its fertilizer division. At any time fertilizer production is suspended, the power that would have been used would be sold and the proceeds paid to the Government. Failure to provide sufficient capital for fertilizer production to the extent required by the Farmers' Board, mentioned below, would constitute default under the lease. It is estimated that \$5,000,000 would be required at the end of three years, and the corporation would agree to have a paid-up capital of \$20,000,000 at the end of 10 years. As an incentive to improving processes, the corporation would receive half of any saving in costs of fertilizer production in one year under costs for the preceding year. The corporation would have free use of all patents, processes, etc., used by the Government.

**Farmers' board:** The extent of fertilizer production would be determined by the farmers' board and would be not less than 40,000 tons annually of fixed nitrogen in content at the end of 10 years, unless the board consented to a less production. The extent of production would also be subject to the corporation's ability to sell its debentures to raise funds for construction of additional capacity.

The farmers' board would be composed of not more than five members, with salary of \$10,000 each, appointed by the President for one year and confirmed by the Senate, the salaries and expenses to be paid from the fertilizer fund. The Secretary of Agriculture would be ex officio a member.

The board would be in charge of distribution of fertilizers. To this end the Secretary of Agriculture, under the warehouse act, would issue warehouse certificates for fertilizer placed in warehouses by the corporation, the receipts showing the cost of the fertilizer as its value and being guaranteed by the Government. On these receipts the board would make payment to the corporation. The board could issue its debentures, notes, etc., and could obtain credit from the Federal intermediate banks, which, on the security of the warehouse receipts, would be required to advance 90 per cent of the stated value. The board may obtain the remaining 10 per cent from the fertilizer fund mentioned below. This 10 per cent may be added by the board to the cost of the fertilizer as a profit when the fertilizer is sold, this percentage to be used as an educational fund with which to educate farmers in the use of concentrated fertilizer.

**Board of industrial development:** An executive officer of the corporation would be the chairman. The other members would be representatives of the Secretaries of War, Agriculture, and Commerce, and three persons employed or retained by the corporation. The duties of the board would be to confer with the several departments of the Government as to war, agricultural, and commercial needs and make plans accordingly.

**Board of research:** The members, five in number, would be appointed by the Secretary of Agriculture from the staff of the Nitrogen Research Laboratory of the Agricultural Department. From the fertilizer fund, mentioned below, \$150,000 a year would be transferred to this laboratory when Congress appropriated a like amount. The duty of this board would be to determine the processes to be used by the corporation in its fertilizer division, the changes to be made in plant, etc.

**Emergency fund:** From rentals the Government is to set aside yearly \$100,000, with interest to be compounded at 4 per cent, in an emergency fund, to be used by the corporation for extraordinary repairs, renewals, or replacements made necessary by some catastrophic cause other than ordinary operation and customary depreciation and obsolescence. Any balance in the fund at the end of the lease would go into the Government's general fund.

**Amortization:** Beginning with the tenth year, the Government would set aside from rentals sufficient equal amounts to amortize at the end of the lease, with compound interest at 4 per cent, the net capital expenditures made by the Government on the project from its inception.

**Fertilizer research fund:** From rentals \$300,000 would be set aside each year, to be used as stated above, for the Nitrogen Research Laboratory, to pay the costs of other research required by the board of research, and to reimburse the corporation for its research work.

**Fertilizer fund:** Any rentals remaining after the provisions outlined above have been fulfilled would go into a fertilizer fund, to be used to increase production of fertilizer, to cheapen its costs, etc., and the whole or any part could be borrowed by the farmers' board for its purposes, or may be used, at the board's instruction, by the corporation to extend its facilities.

**Salvage fund:** With the approval of the Secretary of War and the two Government members of the board of industrial development mentioned elsewhere, the corporation could dispose of fixtures, supplies, etc., not needed, and could place the net proceeds in a salvage fund, to

be used by the corporation in production of fertilizer or purchase of other useful property for the project. Any balance at termination of lease would go to the Government.

**Renewal and replacement fund:** In such a fund for the power division of the corporation the Government would place an amount annually equal to the excess of rentals remaining after the other provisions for disposition of rentals have been fulfilled, and with rentals for the purpose of this fund assumed to have been paid on power used in production of fertilizer. There would be a further amount by reason of special treatment of interest on the Government's investment in navigation facilities, put at \$9,600,000.

In such a fund for the fertilizer division the corporation would place such amounts as were ordered by the farmers' board, these amounts being included in cost of fertilizer. Provision for obsolescence would similarly be made according to decisions reached with the research board.

**Sale of power:** Power not needed for fertilizer bases or explosive bases could be sold by the corporation, under regulation of any State or other body having jurisdiction. For the purpose of determining the rate base, the corporation would be considered to be owner in fee of the properties. The corporation could use the salvage funds and funds it obtained by sale of its securities to construct transmission lines, substations, etc., in the judgment of the industrial development board necessary and desirable for wide distribution. The corporation could enter into agreements with other power companies for exchange of power, etc., and with such companies could organize a superpower organization. For its purposes, the corporation would have the right of eminent domain, but not as to plants installed under permit of the Federal Power Commission.

**Arbitration:** In the event of differences arising between the Government and the corporation, there is provision for arbitration.

**Termination of lease:** Upon termination by expiration, the Government would pay to the corporation the appraised value, not to exceed cost, of the structures, etc., added by the corporation. If lease is terminated for default of the corporation, the Government would get all properties without cost to it.

**Status:** Introduced and referred to Senate Committee on Agriculture and Forestry, May 27, 1929.

#### APPROPRIATIONS FOR TREASURY AND POST OFFICE DEPARTMENTS

**Mr. PHIPPS.** Mr. President, I move that the Senate proceed to the consideration of House bill (H. R. 8531), the Treasury and Post Office appropriation bill.

The motion was agreed to; and the Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8531) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1931, and for other purposes.

**The VICE PRESIDENT.** The pending question is on the appeal from the decision of the Chair, the Senator from Iowa [Mr. BROOKHART] having been then in the chair, having sustained a point of order made by the Senator from Colorado [Mr. PHIPPS] against the amendment offered by the Senator from South Carolina [Mr. BLEASE]. The question is, Shall the decision of the Chair stand as the judgment of the Senate?

**Mr. WALSH of Montana.** Mr. President, I trust some Senator will be good enough to explain the controversy.

**Mr. PHIPPS.** Mr. President, the amendment offered by the Senator from South Carolina to the Treasury and Post Office appropriation bill, now under consideration, provides:

That the said board shall instruct the officials of all banks under their control not to foreclose any lien or mortgage held by them upon any real estate which is or will become due and payable prior to October 1, 1931.

I conceived it to be my duty to make the point of order against the proposed amendment on the grounds that, if adopted, it would be legislation on an appropriation bill, that it had not been estimated for, nor had it received the consideration of a standing committee of the Senate. The point was sustained by the occupant of the chair at the time, and the Senator from South Carolina appealed from the decision of the Chair.

**Mr. WALSH of Montana.** I perceive that the Senator from South Carolina is not in the Chamber just now, and I inquire if he has answered to the call for a quorum?

**The VICE PRESIDENT.** The Senator from South Carolina has not answered the call for a quorum.

**Mr. WALSH of Montana.** I make the point of order that there is no quorum present.

**The VICE PRESIDENT.** The Chair is advised that the Senator from South Carolina stated on the floor of the Senate that he expected to leave the city.

**Mr. WALSH of Montana.** Then I withdraw the point of order.

**The VICE PRESIDENT.** The question is, Shall the decision of the Chair stand as the judgment of the Senate?

The question being put, the decision of the Chair was sustained.

**THE VICE PRESIDENT.** The clerk will state the pending amendment.

**THE CHIEF CLERK.** The pending amendment is on page 80, line 21, after the numerals "\$18,770,000," to strike out the following proviso:

*Provided, however,* That no part of this appropriation shall be available for the payment of any rents or other expenses to the Commercial Station Post Office (Inc.), its agents, attorneys, representatives, or assigns, for use of premises known as commercial station, at Third and Sibley Streets, St. Paul, Minn.

**MR. PHIPPS.** Mr. President, that proviso was offered on the floor of the House of Representatives without having previously had the consideration of the committee. It was not a provision reported by the House committee. The subcommittee of the Senate Committee on Appropriations dealing with this bill took up the question, accorded a hearing to Representative MAAS, who was the author of the amendment, also to officials of the Post Office Department, and to two attorneys representing the holders of the bonds which had been issued as against the post-office property in St. Paul.

The opinion of the subcommittee, arrived at after very full consideration and extended hearings, was that the amendment should not be approved. The opinion of the subcommittee was sustained by the full committee. Therefore, we have reported to strike out the proviso. In lieu of that, however, the committee proposes an amendment, which, if adopted, would reduce the amount of the lump-sum appropriation for rent of post offices by the amount of \$60,000. I ask that the clerk may state the amendment.

**THE VICE PRESIDENT.** The clerk will state the amendment.

**THE LEGISLATIVE CLERK.** On page 80, line 21, it is proposed to strike out "\$18,770,000" and to insert in lieu thereof "\$18,710,000."

**MR. PHIPPS.** Mr. President, in that connection I desire to have read at the desk a letter from Postmaster General Brown, which explains the moving reasons for this reduction.

**THE VICE PRESIDENT.** The letter will be read.

The legislative clerk read as follows:

OFFICE OF THE POSTMASTER GENERAL,  
Washington, D. C., February 26, 1930.

Hon. L. C. PHIPPS,  
Chairman Committee on Post Offices and Post Roads,  
United States Senate.

MY DEAR SENATOR: You will doubtless recall that in reporting the Treasury-Post Office appropriation bill for the fiscal year commencing July 1, 1930 (H. R. 8531), to the Senate, the Committee on Appropriations struck out a limitation which had been inserted by the House against the appropriation for rent, light, and fuel for the first, second, and third class post offices (line 20, page 80), under the terms of which no part of the appropriation could be used for the payment of rent on the present commercial station at St. Paul. This was done at the suggestion of this department.

As you know the United States heretofore instituted proceedings to acquire by condemnation the commercial station premises at St. Paul with other adjacent property. In that proceeding an order of the court has been made, pursuant to section 6549, Minnesota Statutes, 1927, turning over possession of the property to the Government, and the premises are now occupied by the United States under that order. The United States takes the position that by virtue of that order it is now holding possession not under the lease, but under the power of eminent domain, and that if the United States ultimately acquires title in the present condemnation proceeding the effect of the order will be to terminate liability for the rent accruing after its date, if not earlier terminated as of the date of the commissioners' award. The owners of the site, on the other hand, make contrary contentions.

The suggestion of this department for striking out the limitation above referred to was made because we felt it might be construed as an arbitrary legislative repudiation by the Government of obligations arising under a duly executed contract for the lease of post-office quarters, and that such an impression, if given currency, would place the Government at a disadvantage in the negotiation of future lease contracts, and it is both unwise, from the Government's standpoint, and unjust to attempt by legislative action to appear to prejudice the rights of the parties to the pending litigation.

On the other hand, it has been suggested that because the item of \$18,770,000 included in the appropriation bill for the fiscal year 1931 for rent, light, and fuel for first, second, and third class post offices includes the sum of \$120,000 placed there in our estimates to cover rent for post-office quarters in St. Paul, and the sum of \$120,000 is the exact amount of the annual rent under the lease for the St. Paul commercial station, the passage of the appropriation bill in its present form might be construed as a legislative admission of liability for the rent for the

fiscal year 1931. While it is advisable that whatever contract rights the lessors may have be not repudiated or prejudiced by legislative action, it is equally important that nothing be done to prejudice the position of the United States in the present litigation or any litigation that may ensue.

The department believes, therefore, that in order to leave it perfectly clear that the appropriation for the fiscal year 1931 is not intended to be used and will not be used in any part for the payment of rent on the premises in question, it would be well to reduce the amount now carried in the bill by a sum equal to the annual rent on these premises, less the estimated amount which would be necessary to secure other temporary quarters in the event this should become necessary in the course of the year.

The annual rent on the commercial station under the terms of the lease amounts to \$120,000. The department believes that half this sum should be available to meet any emergency requirement that might arise for other quarters in St. Paul for the next year. It is accordingly suggested that the item of \$18,770,000 included in the appropriation bill for the fiscal year 1931 for rent, light, and fuel for first, second, and third class offices be reduced by the sum of \$60,000.

Should you consider it wise to take this action it would be of assistance if the facts herein set forth could be incorporated either in a special report of the Senate Committee on Appropriations, or, if that is not feasible, the report of the conferees of the two Houses. I am advised by the Attorney General that if this course be followed the passage of the appropriation bill will not have the effect of prejudicing the position of the United States in the controversy over the lease or as to the effect of the condemnation proceedings upon the covenant to pay rent.

Very truly yours,

WALTER F. BROWN.

**MR. PHIPPS.** I move the adoption of the amendment.

**THE VICE PRESIDENT.** The question is on agreeing to the amendment, which the Secretary will read.

**THE LEGISLATIVE CLERK.** On page 80, line 21, it is proposed to strike out "\$18,770,000" and insert in lieu thereof "\$18,710,000."

The amendment was agreed to.

**MR. NYE.** Mr. President, I appreciate the attitude of the Senator from Colorado in delaying action upon this amendment until those of us who are interested could conveniently be present. I feel that the situation at St. Paul is of great importance and is rather a fair reflection of a bad situation which may exist in a general way throughout the country.

When this appropriation bill was reported in the other House it carried a proviso for the payment of \$120,000 of rent for the so-called commercial postal station at St. Paul. On the floor of the House Representative MAAS, of St. Paul, offered an amendment providing:

That no part of this appropriation shall be available for the payment of any rents or other expenses to the Commercial Station Post Office (Inc.), its agents, attorneys, representatives, or assigns, for use of premises known as the Commercial Station, at Third and Sibley Streets, St. Paul, Minn.

Adopted, as this amendment was, in the House, it came to the Senate Committee on Appropriations, and that committee, upon recommendation of the Post Office Department, caused the amendment to be stricken out. The Senate now is called upon, as I understand the parliamentary situation, either to affirm or disapprove the action of the committee with relation to this amendment.

**MR. PHIPPS.** Mr. President, will the Senator yield?

**THE VICE PRESIDENT.** Does the Senator from North Dakota yield to the Senator from Colorado?

**MR. NYE.** I yield.

**MR. PHIPPS.** I should like to have it understood that the attitude of the Committee on Appropriations is that this question is in the courts, and it is not wise, proper, or the duty of the committee to act upon it. As a matter of courtesy the parties in interest were heard by the committee, but it was the unanimous opinion of the committee that the matter should be left entirely to the courts. The action taken by the committee leaves the case free from all interference with any court action that is now in progress, and does not prejudice the case one way or the other. The question of the lease will be decided in the case now pending in the United States court.

**MR. NYE.** Mr. President, differing as I do with the Senator from Colorado as to the wisdom of the action to be taken upon this particular amendment, I want to say that personally I believe the retention of the amendment adopted by the House is thoroughly in keeping with an unquestionable duty of the Senate, and that it is thoroughly in keeping with the best interests of the Government, and the amendment ought to be retained in the bill because it will help save, in a direct and in an indirect way, millions upon millions of dollars to the Government.



Mr. PHIPPS. Mr. President—

Mr. NYE. I yield to the Senator from Colorado.

Mr. PHIPPS. The amendment, as I have stated, was put in on the floor of the House. The action of the Senate committee will throw the entire matter into conference. If the House feels that its position is correct it will have full consideration. The attitude of the Senate committee is adverse to the action of the House.

Mr. NYE. What might happen in conference does not necessarily, it seems to me, foreclose the right of the Senate to thorough deliberation upon the merits in this case. I have said that if we retained in the bill this amendment offered on the floor of the House we will directly and indirectly help to save the Government of the United States millions upon millions of dollars annually paid out for rental of quarters used by the Post Office Department in various parts of the country. To-day the Post Office Department groans under deficits from year to year and is striving for the ways and for the means of putting the department on a paying basis and doing away with these deficits. Only day before yesterday, or at least at a very recent day, the Postmaster General through the press suggested the thought that consideration was being given to a proposal to increase the postal rate on first-class matter from 2 cents to 2½ cents per ounce.

Of course, if we have a deficit, if there is need for more revenue to make the department self-sustaining, then I think the Congress will gladly aid in affording that revenue; but it seems to me that it is not altogether a question of having more revenue. Rather, it is a question of either having more revenue or less occasion for revenue. I insist that in the case of the St. Paul post-office deal, involving an annual rental of \$120,000 a year, there is an opportunity offered the Government to do away with some of the need for such excessive revenues as are seemingly needed at this time. In other words, through this amendment which is carried in this appropriation bill we can clean up a very, very foolish expenditure that is being made from year to year by our Government. It affords a chance for the Government to save for itself millions upon millions of dollars, and more than that, as I shall show a little later.

To understand the situation at St. Paul, the complete story ought to be told of the experience which has been enjoyed or suffered there, whichever way one might choose to express it.

I want to say that it was my hope that this bill might be sent back to the committee for further consideration. I feel that it is meritorious, that it merits the kind of consideration which would find the Committee on Appropriations delving deeply into the facts and factors involved in the matter. I think that if such a study were made, there would be a disclosure of what a wonderful opportunity there was for the Government to save thirty, forty, or fifty million dollars a year in the matter of rentals of Government property alone. I understand, however, that the Senator in charge of the bill is adverse to its being sent back there, and prefers that the matter be threshed out here on the floor; so we must dispense with the thought of sending the bill back to the committee for further consideration.

As I have said, this question is one involving the leasing by the Government of post-office quarters. I want to say that if all of the other leasing practices throughout the country are on a par with the one at St. Paul, then the practice is both rotten and unconscionable; and the Senate can not tolerate a continuation of that sort of thing if, as I say, it is being practiced in a general way.

The story involved there at St. Paul is one that actually smells to high heaven; and it constitutes, or ought to constitute, a stench in the nostrils of every individual who is interested in seeing the Government get fair treatment, and get the most for the money it is expending. All who understand it, all who have gone to the bottom of the St. Paul situation, are agreed that it is a rotten, unconscionable situation. Possibly the situation at St. Paul rivals the Teapot Dome revelations and the oil scandals in general. Perhaps there is as much to be saved to the Government through a proper adjustment of the rental situation in the department as was saved to the Government by virtue of the oil investigations that were conducted by this body for so many years.

As chairman of the Committee on Public Lands and Surveys, which conducted these oil investigations in more recent years, I had occasion to learn something of these so-called post-office scandals. As Mr. Fisher, one of the investigators for the Committee on Public Lands and Surveys, often repeated to me his belief, occasioned by years of study of governmental activity and years of work of investigation, that if ever the Congress were to go fully into a study of this matter of leasing quarters for governmental purposes throughout the land it would uproot a scandal running through many, many years, not placeable at

the door of any particular administration or of any particular party, but a scandal that has fastened itself upon the Government and has been carried on from one administration to another for one reason or another.

I wish that particular investigator, Mr. Fisher, were here to-day. I wish we might have the benefit and the advantage of the understanding that was his as a result of the studies that he had made. But during the course of the investigation being made by the Committee on Public Lands and Surveys into the oil scandals Mr. Fisher, who had proven himself an invaluable man for the committee, died very suddenly, and some people still insist under circumstances very suspicious, one morning in the month of July two years ago. In any event, his studies were such as to convince him that in this leasing situation there lay a greater scandal than was involved in the oil scandals. Be that as it may, I want to point out that it has been going on for years; and it is not a thing that ought properly to be laid at the door of any one administration as being responsible for it, but is a practice that has fastened itself upon the Government and has been coming down through all the years, perhaps growing in volume, in point of—if I may use the term—"rottenness."

The story involved at St. Paul is one which finds both the public and the Government being duped. We find the public being prevailed upon to buy for \$3 what is actually worth only \$1. That is not an unusual situation in this day and age I am sure. Perhaps it is quite American to go into the investment market and buy for \$3 what is actually worth only \$1. Not unusual, and quite American, perhaps, is this practice. But, as I want to point out again, while this practice is going on, while the Government is being duped and while the public buying investment bonds are being duped, as in the case at St. Paul, the St. Paul situation is only one of many I am reliably informed; and the practice of the Post Office Department is one which is not getting to the root of this evil. It seems to me, now that the thing is laid before us here in the Senate, that we ought to accept whatever opportunity is afforded us to remedy the evil which does exist there without reference to any personalities, without reference to any administration.

It has been the practice of the Post Office Department for years, rather than to call for appropriations for the erection of Federal buildings where they were needed, to enter into contracts, to negotiate with private people for the erection of such accommodations as a department might need. Such was the case in the post-office field. In 1920, when many cities were confronted with a very serious problem by virtue of the growth of the mails, the parcel post, and so forth, St. Paul was among those cities that found themselves short of the facilities needed properly to carry on the work of the department there; and they wanted building facilities. The facilities not seeming to be readily available, the Government did there what it has done in innumerable instances since: It negotiated a contract with private individuals in Chicago, a firm by the name of Loeb & Cowing, who were either contractors or promoters, or both, and the department, without calling for bids, without advertising, negotiated a contract with Loeb & Cowing for the erection of the kind of a postal substation that was needed in St. Paul at that time.

The contract called for the erection, the furnishing, and the leasing of quarters for a commercial postal station, and the Government agreed to pay for this station an annual rental of \$120,775 and agreed to take a 20-year lease on that particular property. There was, as I have said, no advertising; no bids were called for this work, but these contractors and promoters, Loeb & Cowing, built such a building as the Government wanted, with the assurance that they could get a 20-year lease and that the Government would pay them at the rate of \$120,775 per year.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from North Dakota yield to the Senator from Tennessee?

Mr. NYE. I do.

Mr. McKELLAR. I am wondering if the Senator is not mistaken in saying that the first lease was for 20 years. As I remember the facts, the first lease was for 10 years, with a cancellation clause in it; and they thereupon issued \$750,000 of bonds and built the building on this lot.

Mr. NYE. I will say to the Senator that I am just getting to that point.

Mr. McKELLAR. How much of the \$750,000 were actually spent on the building no one knows, or it seems not to be disclosed in this record; but with that lease, with the Government's promise to pay \$120,000 a year for 10 years, they built that building. Then afterwards they got, for some unexplained rea-

son—why they got it, how they got it, no one seems to know—a noncancelable lease for 20 years for the same property at an increase of something like \$70,000 a year. Is not that correct?

Mr. NYE. Mr. President, that is correct.

I should like to ask the Senator from Colorado with relation to the time for which this lease was to be taken by the Government. Was it 10 or 20 years in the first lease?

Mr. PHIPPS. The first lease was for 10 years, as I recall. I think, however, when the change was made in the lease, that there was a reduction in the rental to \$120,000.

Mr. NYE. The point I wanted to straighten out was the period of time for which the Government agreed to lease that property. My impression was that it was for a 20-year period.

Mr. SCHALL. Mr. President—

Mr. PHIPPS. I am not certain as to that. My recollection is that it was probably for a 10-year period.

Mr. SHIPSTEAD. Mr. President—

Mr. NYE. I yield to the Senator.

Mr. SHIPSTEAD. I understand that the first lease was for 20 years and that it carried a cancellation clause.

Mr. NYE. Yes.

Mr. SHIPSTEAD. It has been said that the reason why a change was made, by which a noncancelable lease was put into effect, was because the bonds that had been sold to the public and had been sold in violation of the postal regulations, in that, I understand, the sellers of the bonds claimed that they had a noncancelable lease.

When it was discovered that they had violated the regulations and in order to avoid prosecution, and in order to better their status, they got a noncancelable lease from the Government, and new bonds were sold in a much larger amount than the first issue and the first issue was retired.

Mr. NYE. That is right. The point I want to clear up now is the period of the lease. Was the first lease a 10 or 20 year lease? My impression is that it was a 20-year lease.

Mr. SHIPSTEAD. It was a 20-year lease, and it carried a noncancelable clause.

Mr. SCHALL. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Minnesota?

Mr. NYE. I yield.

Mr. SCHALL. I think we ought to get the lease matter straightened out. The lease was for 20 years. During the latter part of the Wilson administration this firm in Chicago found out that the Post Office Department wanted a building built in St. Paul, and they went up there and looked over the property which could have been bought at any time for \$75,000, and paid \$175,000 for it, and constructed this building, not upon the foundation they laid, but upon the foundation of an old hotel. This foundation was built to carry a building only one-fourth the size of the building that was constructed upon it. They used that foundation and constructed this building in 1921, and after the Post Office Department had occupied the building, a lease was entered into for 20 years.

Mr. NYE. Mr. President, it is the first lease the Senator is talking about?

Mr. SCHALL. That is the first lease.

Mr. NYE. That is the point I wanted straightened out and to be satisfied upon. If the Senator would permit, I would like to proceed with my argument, because I would like to follow the thread of it so that the Senate might get a complete picture of it, rather than have it jumbled, as we are jumbling it here, and the points which have been raised I want to bring out clearly in my following remarks. I thank the Senator for the information, and I want to say that if at any time in my argument, though I prefer not to be interrupted, anyone feels that I am misrepresenting the actual facts in the case, I shall of course gladly yield for the purpose of rectifying the mistake.

In any event, this first lease was for 20 years. The Government agreed to pay for 20 years at the rate of \$120,775 per year for those quarters.

Mr. Philp, the Fourth Assistant Postmaster General, came before the Appropriations Committee of the Senate a few days ago and told us how the Government was striving to make its rental payments square up with the actual deserts and the actual investment involved. He said at that time:

The Government pays 6 per cent net on the investment. That is our yardstick, which we tried to control ourselves by.

In other words, when the Government leased property, it considered that the owners of that property were entitled to 6 per cent net upon their investment. But now, if that is the yardstick, and if, as Mr. Philp says, it was the yardstick by which they were trying to control themselves, how closely, how thoroughly, how well controlled has the department actually been in

the placing of contracts and in the leasing of quarters throughout this country?

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. NYE. I yield.

Mr. McKELLAR. I want to ask the Senator if it was not reported by the grand jury, and has it not been established in fact, that the entire property was not worth over \$300,000?

Mr. NYE. Yes; but let us take that in its order.

To ascertain how thoroughly the department was governed by this so-called yardstick, it is necessary to ascertain what the actual costs of the St. Paul property were. This firm of Loeb & Cowing, of Chicago, promoters and contractors, built there a 4-story building, which was presumed to carry about 69,000 square feet of floor space. Following the erection of that building, the promoters, or the contractors, call them what we will, made their statement of money invested to the assessor at St. Paul, the assessor of Ramsey County, Minn. There was called for a statement of the full valuation of that property. The promoters submitted to the county assessor a very complete statement, showing what they had paid for steel construction, showing what they had paid to the Richmond company for special doors; what they had paid to one contractor for spiral chutes, to another contractor for plastering, to another for ironwork, to another for glass, to another for floor tile; what they had paid to these various individual contractors for electric fixtures, sash, doors, roofing, dumb waiters, mastic floor, piling, elevators, plumbing. They listed the cost of the foundation for superstructure, they listed the cost of the fireproofing tile. They listed the total cost of the erection of that building at St. Paul, and the total they found was \$307,352.

Included in those items are three totaling \$16,000, which the owners also carried as fixtures, so that, strictly speaking, the actual investment in the building itself was only \$291,000.

I want to go a step farther and show how, at the outside, \$291,000 would cover the actual worth of that building. These contractors, having won this contract with the Government, were exceedingly anxious to get that building up in quick order. I presume, anticipating the profits that were to be theirs by virtue of this contract, they wanted to get the rentals from the Government started coming in just as quickly and just as early as possible. In any event, they paid excessive bonuses to all of these contractors for the work which they did, so that \$291,000, or \$307,000, whichever figure the Senate may take, is an outside figure. That is the fat figure of the cost of constructing the building.

I ask that this list of payments for the construction of this building be incorporated in the RECORD at this point. This was filed with the county assessor, I am informed, in the year 1923.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

*Detailed cost sheet, St. Paul Commercial Postal Station, including heavy bonuses for completion before schedule. Items in italic are equipment and not part of the building*

Steel construction.....	\$65,000
Special doors, Richmond Co., Chicago.....	6,000
Spiral chutes, Standard Construction Co., St. Paul, Minn.....	5,260
Terra cotta, N. W. Terra Cotta Co., Chicago, Ill.....	11,280
Plastering, W. Poppenberger, St. Paul.....	12,500
Ironwork, Twin City Iron Co., St. Paul.....	14,100
Glass, O. Scharmer, Chicago.....	4,863
Floor tile, F. J. Springer, St. Paul.....	2,000
Electric, C. A. Mims, St. Paul.....	8,453
Sash, etc., Truscon Steel Co., Chicago.....	3,940
Roofing, J. Haag, St. Paul.....	2,340
Dumb-waiters, C. A. Mims, St. Paul.....	2,400
Mastic floor, Fulton Asphalt Co., Chicago.....	13,629
Piling, Oaks Co., St. Paul.....	9,120
Elevators, Wheeler Electric Co., Chicago.....	16,350
Plumbing, S. Kerstin, Chicago.....	42,000
Cost of foundation for superstructure.....	76,000
Fireproofing tile.....	12,117
	<hr/>
	307,352
Deduct as above.....	16,113
	<hr/>
Total.....	291,239

Assessed valuation (actual valuation) of land occupied by the Commercial post-office station in 1920, \$48,000.

Mr. NYE. Mr. President, we find, therefore, at the outside a total cost of the building itself of \$307,352. Then, of course, there had to be land for this building to set upon. The promoters have since represented an exorbitant cost for that land, but in 1920, at the time when the land was being assessed at its full valuation for taxation purposes, it was generally known around the city of St. Paul that that property was available at \$48,000, and I assume that the promoters of this building did not pay materially more than that, if they paid anything more than that, for the property.



In addition to these costs was the cost of the fixtures and furniture in the building. The promoters and the contractors have since placed extortionate values upon those fixtures and that furniture, but according to their sworn statement to the county assessor of Ramsey County, Minn., their furniture and fixtures were worth—the full value in 1927—the sum of \$29,325.

The assumed actual investment in that property brings the total investment to \$384,677. That was the outside figure at which a valuation could be fixed upon this commercial station property in St. Paul.

What of the Government yardstick on the basis of that investment? Mr. Philp, of the Post Office Department, says they try to see that the owners get 6 per cent net on their investment. I assume that he means that they get 6 per cent over and above the actual expenses of maintaining and operating the building.

Let it be pointed out that in this particular contract the promoters did not agree to heat the building. So there was removed from the overhead expense of maintaining it a very material item, and when we assume that 10 per cent upon that investment would net the owner 6 per cent upon what they had involved, I think we are affording the outside figures there.

Assuming, then, that 10 per cent is the fair figure, 10 per cent of \$384,677 is \$38,467.70, which, at the outside, is the worth to the Government of that building in St. Paul for which they are paying not \$38,000 but \$120,000 a year.

Mr. President, an annual rental of \$120,000 a year is, according to this yardstick of the Post Office Department, representative of an investment of \$1,207,750. But there was no such investment as that, not nearly that amount was investment there at St. Paul. In other words, the promoters, the owners of this particular building, who entered into negotiations with the Government for the construction of that building, are enjoying a return on their investment, or have been enjoying a return, in excess of 30 per cent.

I want to repeat here now, Mr. President, that this St. Paul situation is only one, I understand, of many throughout this country which might be disclosed where the Government is paying exorbitant rates for the use of such facilities as they need.

So much for the manner in which the Government was duped, and so much for the manner in which the yardstick of which the department tells us controls the determination of the Government as to what they will pay for a given property.

What happens, then, to the investing public? Let us see. Loeb & Cowing, who were the promoters and contractors of this building, did erect and did furnish that building, and did lease it to the Government. But before that lease was entered into, before they had the Government signature upon a lease, these promoters, through a firm of investment bankers, or a bonding house, known as Jacob Kulp & Co., of Chicago, floated a bond issue of \$750,000 upon that investment. Mark my word, before a lease had been entered into for that property, that was done.

They had to make some representation to those who bought the bonds. What was their representation? First, that the bonds were secured by a property which had been conservatively appraised at over \$1,250,000. I shall come back to that and show that no one who was giving unprejudiced service in the appraisal of that property approached anywhere near that figure as being the value of the property.

They made a further representation in the sale of their bonds that this lease, which called for the Government paying a rental of \$120,775 a year, was noncancelable, that it could not be canceled; that here was a property, as they said, worth \$1,250,000 or more, that the Government had agreed to lease it for 20 years at \$120,775 a year, and that that lease could not be canceled by the Government. A splendid investment; of course it was, but there was plain, unadulterated misrepresentation of the facts, as I am sure can be very clearly demonstrated.

Mr. WHEELER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Montana?

Mr. NYE. I yield.

Mr. WHEELER. I have listened with a great deal of interest to what the Senator has said about the situation. My own attention has been called not only to this case but to other cases. I am wondering if the Senator knows whether or not the matter has been called to the attention of the Attorney General of the United States? It seems to me if the facts are as represented by the Senator from North Dakota that there would be two cases that could be properly prosecuted—one a case for using the mails to defraud on the part of the promoters and the other a case involving a prosecution of the promoters for defrauding the Government of the United States.

Mr. NYE. Yes; it has been called to the attention of the Attorney General, but I would like to take up that link in its turn.

Mr. WHEELER. I wondered if anything had been done about it.

Mr. NYE. I shall come to that in its turn, I assure the Senator.

Mr. President, when the building in question was erected, when the bonds were being sold, several organizations and many individuals in St. Paul began to think there must be a "nigger in the woodpile" somewhere. There was, if I may use the expression, something strangely and exceedingly "fishy" about the whole deal. There were those in St. Paul who wanted to know more about it.

The firm of contractors known as Loeb & Cowing at this point in the picture appear to have been squeezed out. The firm of Jacob Kulp & Co. stepped into the picture, and they in turn became the moving spirit behind the venture in St. Paul. Dealing in investment bonds, as they did, they apparently forced out the original contractors. In any event, when St. Paul grew disturbed and indignant over the whole deal the promoters began to get a little bit scary and they ran for cover. They discovered that they had been using the mails to defraud, I suppose. I presume they discovered how thoroughly they had been misrepresenting the facts, particularly as related to their contention that they had a noncancelable lease with the Government, whereas they had no such lease at all. The lease actually did carry a 90-day option for the Government to cancel. But the promoters in running to cover resorted to what seems to be the strangest episode in the whole controversy.

In their misrepresentation in the offer of the bonds, misrepresenting the actual value of the property as they did, misrepresenting the status of the cancelable feature of the contract as they did, they, of course, must have known that they were in dangerously hot and dangerously deep water. In their run to cover they engaged an attorney to come to Washington to see what could be done for them here to substantiate the representations they had made. They selected a very prominent attorney. He was prominent as an attorney and he was prominent in politics. He has since departed this life, and I hope there will be no occasion to make reference to him personally at all. I do not see that there is any necessity for it. In any event, he was retained by Kulp & Co. to come to Washington. He came here for the ostensible purpose of winning a noncancelable clause in the lease in the face of the cancelable clause which was there and which was proving so embarrassing to them.

The attorney appeared before the Post Office Department. Of course, there had to be some new development, some occasion for a change in the contract. The Government had entered into a contract for rental of the building and had agreed to pay for it a rental at the rate of \$120,755 a year. Now, what could be done, what point could be raised that would occasion any change in the contract at all? There was talk of constructing three additional stories upon the building at St. Paul. It was later disclosed that there was not a chance in the world to erect even one additional story on the building, because the foundation was one that was not even strong enough for what had been erected upon it in the form of the building that then stood there. That was out of the question. That could not have been done if they had wanted to do it.

Then there appears to have been consideration given to a reduced rental rate, because if any change like that could be brought about I suppose it would give a ground for a change in the contract and a warrant for the making of a contract that would carry a noncancelable clause. The Government won a lower rate of rental. The Government got a splendid bargain out of changing the contract! In exchange for a contract that was noncancelable the Government got a reduction in its rental of \$775 per year! The rent was reduced from \$120,775 to \$120,000. That was in exchange for the new contract that could not be canceled during the 20 years.

Mr. WHEELER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Montana?

Mr. NYE. I yield.

Mr. WHEELER. I am curious to know who was the Postmaster General when that deal was entered into?

Mr. NYE. That was in 1923, and I presume Mr. New was then the Postmaster General.

In any event, whatever the consideration was, a new lease was made and the attorney for Kulp & Co. went away from Washington with a new contract in his pocket, having caused to be removed from the contract the possibility of cancellation even under the 90-day optional clause contained in the original contract. The rental rate was reduced by \$775 per year. The promoters got the noncancelable clause which they came here to get.



One would ordinarily think that that would take care of any dangerous water the promoters had gotten into in offering the \$750,000 bond issue on the representation that the property was worth \$1,200,000 or thereabouts and on the claim that they had a noncancelable clause in their contract. But Kulp & Co. knew that that would not thoroughly protect them, so they went out and bought up the \$750,000 bond issue. Then what did they do? Did they sell a new \$750,000 bond issue? No; they would not stop at that. With the noncancelable contract in their pockets they went out and sold, not \$750,000 in bonds but \$1,150,000 in bonds on this property variously estimated to be actually worth from \$250,000 to \$350,000.

As I have said, with the noncancelable clause in their contract they went out and floated that new bond issue of \$1,150,000 secured by the St. Paul property and by a contract with the Government in the form of a 20-year lease. In the sale of those bonds Kulp & Co. represented to the buying public that the land upon which the building stood was appraised at \$315,000. Remember, however, that in 1920 the land was assessed at and was generally recognized in St. Paul to be worth \$48,000. They further represented in the sale of the bonds that the building was actually appraised at \$983,842. Do not forget that the actual worth has been variously estimated at from \$250,000 to \$335,000. According to their representation this made a total value there of \$1,298,842, whereas they actually had a property which was not worth more than \$290,000 to \$335,000, including the building and the land upon which it stood.

Because the bonds, \$1,150,000 worth of them, had been spread out all over the country, there comes now the appeal, now comes the cry, now comes the terrible wail and question as to what would be the result if the Congress leaves this amendment in the bill denying the department the right to pay any rent upon that property? Why it should not be paid I shall disclose more fully a little later. In any event we are told now that if we destroy the rental there will be starving widows and starving orphans who are holders of the bonds. Right or wrong, these people insist, the contract must be permitted to stand. We must go on paying the rental because, right or wrong, the purchasers bought the bonds innocently enough.

I wish to invite attention at this point to a letter written by a banking house in Spokane, Wash., as follows:

Spokane, Wash., March 31, 1930.

Hon. MELVIN MAAS,

House of Representatives, Washington, D. C.

DEAR CONGRESSMAN MAAS: I have been away for several days and did not get your letter of March 24 until this morning. I appreciate very much your having written to me.

In purchasing bonds for sale to clients we were advised that the Government had a noncancelable lease. In addition, appraisals on the land of \$315,000 were made by Val J. Rothschild, of St. Paul, and by Paul G. Loeber, chairman of the appraisal committee of the American Association of Real Estate Boards. The building was appraised by the National Appraisal Co. of Chicago for \$983,842.

I am sure that neither you nor I want to argue the merits of this case in a letter. However, it certainly seems reasonable that, in the light of the actions of the Post Office Department of the United States Government in making leases, not only on this but on other property, that the bondholders are entitled to rely upon this lease and action of the Government, even though fraud should have been committed by a member of the United States Government and/or the original owner. Certainly the bondholders feel that way about it.

I appreciate your courtesy in writing me.

Yours very truly,

EUGENE B. FAYRE,  
MURPHY, FAYRE & CO.

So there we have that picture of the bondholders, innocent enough, I am ready to agree, being brought into the picture, but merely serving as a camouflage and as a blind to the steal which had been instigated by a very limited number of people in the country who have enjoyed the benefits of a contract of this nature.

Mr. WHEELER. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Montana?

Mr. NYE. I yield.

Mr. WHEELER. I understand, from an article which I saw in the Baltimore Sun this morning, that the Postmaster General appeared before the Committee on Post Offices and Post Roads asking that this money be appropriated. Is it possible that the Postmaster General is familiar with the facts the Senator has set forth and still asks that that be done?

Mr. NYE. I think he was familiar with the facts, and he did write a letter to the committee asking that the amendment be eliminated. I think he understood the situation; but I want

to show in its order upon what ground he thinks the amendment ought to be eliminated. The Senator from Colorado [Mr. PHIPPS] has related this morning the ground upon which he, as well as the Postmaster General, thinks the amendment ought to be left out.

Mr. PHIPPS. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Colorado?

Mr. NYE. I yield.

Mr. PHIPPS. I merely want to remark at this point that the attitude of the Post Office Department, from the time the matter came to the attention of our committee, has been that the department in no event would pay any rental on the building this year or next year unless it is ordered by the court which now has the case under consideration. The department objected to the inclusion of the amendment, fearing that it might serve as notice to other owners of buildings used by the department that the Government is inclined to cancel its contracts regardless.

Mr. WHEELER. Does not the Senator think they ought to cancel a contract which is so palpably wrong as is this one?

Mr. PHIPPS. That is what they have done—

Mr. NYE. Mr. President, I must decline to yield for more than a question, because I want to present an argument that can be understood. In its turn we will come to that point.

The PRESIDING OFFICER. The Senator from North Dakota declines to yield further to the Senator from Colorado.

Mr. GLENN. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Illinois?

Mr. NYE. I yield for a question.

Mr. GLENN. In view of the statement which the Senator from North Dakota made just a moment ago as to some bondholders having interceded in this matter, or that representations had been made by supposedly innocent bondholders, but that such action on their part was merely a camouflage or blind, I desire to say that I received this week—

Mr. NYE. Oh, no, Mr. President.

Mr. GLENN. The Senator just made that statement.

Mr. NYE. I did not suggest that the bondholders were knowingly serving in that capacity, but the contractors and the bond operators brought them into the picture because, as so often proves to be the case, if a bond issue can be spread out over the country and hundreds or thousands of people can be interested in it, the contract is secure and the value which has been represented to the bondholders to exist is being made more secure. No; I think those who bought the bonds ultimately were thoroughly innocent of any fraudulent action.

Mr. GLENN. I desire to say that I received a letter a day or two ago—I think it was on the 4th of the present month—from a woman in Paris, Ill., her address being "General Delivery, Paris, Ill.," in which she stated that she bought \$6,000 of these bonds believing them to be a good investment; that she paid for them, and she thinks now that the Government should carry out its obligation. The woman who wrote the letter signed herself a widow. I do not know anything about her; but I have no reason to believe that she is just being used as a blind, as a camouflage. I have some sympathy for a person in that situation.

Mr. NYE. I can make myself clearer, perhaps. If Kulp & Co., who promoted the bond issue, and they alone owned and held these bonds to-day, we would not hear any hue and cry; our sympathies would not be called upon in behalf of the bondholders at all. We would readily and gladly step right in and in a moment destroy, if we wanted to, that contract, because it would only be this one firm that would be involved.

Mr. GLENN. Is not that what we are seeking now to do?

Mr. NYE. The case has been made difficult by the number of innocent bondholders involved.

Mr. GLENN. Is not that what it is now being sought to do, namely, to destroy the rights of the innocent bondholders?

Mr. NYE. That is a point which I wish to argue. There are innocent bondholders, but they did not buy Government bonds; they bought individual private bonds and the Government owes them nothing. However, because there are innocent bondholders, are we going to shut our eyes, are we going to blind ourselves to a piece of thievery, such as has been practiced against the Government and against the bondholders, and go on paying out of the Treasury year after year the amount that is necessary to insure to them such a return as they were told they would receive upon that grossly inflated value, while at the same time continuing the reward accruing to the unconscionable promoters?

Mr. GLENN. If this matter is now pending in the courts and is awaiting judicial decision, especially in view of the rights of innocent bondholders, why is it that we can not allow the court to decide the case? Why can we not intrust it to the in-



struments of justice, which can hear both sides of the case, and then pass upon it, with the right of appeal, if necessary, rather than to cut off here summarily, in an unusual way and proceeding, the rights of innocent bondholders, such as the woman who wrote me the letter to which I have referred?

Mr. NYE. I have every sympathy for those like the lady who wrote the Senator from Illinois, and, in its turn, I am going to discuss, Mr. President, the thought which the Senator has suggested, namely, that with this case pending in the court why should we be engaged in what we seem to be attempting to accomplish here? But getting back to the letter of the Spokane, Wash., banker who sold these bonds to his clients, I want to point out that he says "The building was appraised by the National Appraisal Co. of Chicago at \$983,000." If this matter were to be referred back to the committee, one of the first things I would want investigated would be this appraisal company. I do not know how true it is, but I am quite reliably informed that the National Appraisal Co. of Chicago came into existence in order to make this St. Paul appraisal and went out of existence after the appraisal had been made. Perhaps I am sadly misinformed as to that, but that is just a point, and points like that ought to be cleared up.

Mr. BLAINE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Wisconsin?

Mr. NYE. I yield for a question.

Mr. BLAINE. I merely wish to suggest that, upon investigation, I think it would be clearly shown that the man who signed that appraisal was not an officer of the company; that he held no stock in the company; that he never saw the property in St. Paul; and that it was a fraudulent and fictitious appraisal from the beginning to the end. That is one of the reasons why I have introduced a resolution to have this whole matter investigated.

Mr. NYE. I thank the Senator wholeheartedly for the thought he has expressed. What has been said, Mr. President, as to the Government and the bondholders involved does not by any means end the story of this transaction at St. Paul.

There were constant complaints leading up to 1923, Mr. President, filed with the Comptroller General of the United States, and he ordered an investigation. It was reported in 1923 that there was collusion in the selection of the site; that there was collusion in the purchase of the land; that there was collusion in the making of the lease with the Government. This, of course, contributed to that fear which later on caused the promoters to send their attorney to Washington in an effort to secure the elimination of the cancelable feature of the lease. But what was the outcome of the report made to the Comptroller General at his instigation? I am told that the chief investigator for the department at that time in 1923 when the report came into his hands virtually said, "Oh, forget it." I am not going to mention his name, but it is a sad thing to have to admit, especially by one who wishes well for the prohibition cause, that the chief investigator who was responsible in 1923 for pocketing and killing that report and keeping it out of sight is to-day in the Prohibition Service, if you please.

In 1928 a grand jury, recognizing that there was something radically wrong in the St. Paul situation, undertook an investigation and submitted a report to Judge Sanborn, of the district court at St. Paul. I want to read the concluding paragraph of the report submitted by the grand jury:

We think the facts warrant the conclusion that fraud has been worked upon the Government and the public, and that in the various promotion schemes, past and prospective, connected with the property in question there have been gross misrepresentations as to the value, and that the unconscionable rents agreed to be paid upon two of said leases have been taken full advantage of, to the detriment of the public. We believe that fraud, misrepresentation, and corruption entered into the transaction from its very inception; and strongly recommend that the attention of the United States Department of Justice be called to the matter in question, with a request that a searching inquiry be made, to the end that the lease of March 11, 1925, be canceled, the public be protected, and that those guilty of perpetrating fraud upon the Government and the public be prosecuted.

Mr. WHEELER. Mr. President—

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Montana?

Mr. NYE. I yield.

Mr. WHEELER. Will the Senator tell me the date of that report?

Mr. NYE. The report was dated March 7, 1928.

Mr. WHEELER. And nothing has been done by the Attorney General of the United States since that time?

Mr. NYE. It is not fair to say that.

Mr. WHEELER. I was merely asking a question. Has there been an indictment of those guilty of the fraud?

Mr. NYE. No; there has not been, but, as a result of the report of the grand jury to the judge, the Department of Justice, of course, was made aware of the wishes of the grand jury, and agents were sent there to investigate. Those agents reported back to the Department of Justice that, even though there might have been fraud involved, the statute of limitations had run. That, I wish to say to the Senator from Montana, is a point upon which I desired more information before I discuss the question at any greater length. I have not had that information, but the department found that in 1928, or early in 1929, I presume that the statute of limitations would have run if fraud had actually existed. In any event, Mr. President, there were no prosecutions of the individuals responsible for these frauds.

Mr. ROBSION of Kentucky. Mr. President—

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Kentucky?

Mr. NYE. I yield.

Mr. ROBSION of Kentucky. What did the Senator say was the date of the grand jury's investigation?

Mr. NYE. The report to Judge Sanborn was dated March 7, 1928.

Mr. ROBSION of Kentucky. At that time had the statute of limitations run?

Mr. NYE. I understand it had.

Mr. ROBSION of Kentucky. Was any reason given why the grand jury itself did not proceed to indict those who might be guilty?

Mr. NYE. Mr. President, as will be unfolded as I proceed, two or three cases were instituted in the courts, divorced from any responsibility of the Department of Justice at all, but it may be fair to assume that the Department of Justice felt that these matters would ultimately be ironed out in the courts without the action which some people were urging them to take.

Mr. BLAINE. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Wisconsin?

Mr. NYE. I gladly yield to the Senator from Wisconsin.

Mr. BLAINE. I merely wish to make a suggestion so that the information will be accurate. The statute of limitations had not run on March 7, 1928, when the grand jury made its report.

Mr. NYE. I am very glad to hear that. When did the period expire under the statute of limitations?

Mr. BLAINE. I am not certain that the statute of limitations has as yet run on all of the charges.

Mr. NYE. The Senator is going to discuss that point in his own time?

Mr. BLAINE. I expect to do so.

Mr. NYE. I am glad to know that.

Mr. ROBSION of Kentucky. Mr. President—

The VICE PRESIDENT. Does the Senator from North Dakota yield further to the Senator from Kentucky?

Mr. NYE. I yield to the Senator.

Mr. ROBSION of Kentucky. That is one aspect of the case that has been bothering me. Inasmuch as the grand jury itself reported to the court that they had found fraud and collusion, and so forth, and it now appears that the statute of limitations had not run, I am wondering why that grand jury did not act. It had the power to indict any guilty persons.

Mr. NYE. Mr. President, I am not going to argue that point. Not being a lawyer, I am going to be glad to leave it to my friend from Wisconsin [Mr. BLAINE], and I am sure that he will argue it to the satisfaction of the Senator from Kentucky.

The grand jury, though, in addition to that part of the report which I have read, also declared in its report that the property which these bond salesmen and promoters were selling on the basis of a bond issue of \$1,150,000 at no time from 1920 to 1928 had a value in excess of \$290,000. That was the finding among many others of the grand jury sitting at St. Paul.

About the same time, Mr. President, the St. Paul city authorities were getting extremely active in the case. They proceeded finally to condemn the building and order its vacation. It was on September 27, 1929, that the vacating order was issued. The findings of the St. Paul city authorities, the city engineer and the health authorities, were that the building was very poorly constructed, and they complained, too, that the city authorities of St. Paul had been denied the opportunity to visit the building when it was in course of construction; that they had been told that it was a Federal building and that the city authorities therefore had nothing to do with it; they were told to keep their hands off, to stay out; that they had no

business in there; and, of course, they stayed out. Then, when they made their investigation only a few years later, they found that the building had been very poorly built. They found that it did not meet the specifications. They found that it violated the city building ordinances. They found that the steel columns throughout the building were badly corroded, and that they had not been properly fireproofed throughout the building. They found the building badly settled on one side—and, by the way, on the side of the building which had been built up against an old building that stood there adjacent to the property upon which they erected these post-office quarters they built only a very thin wall up against that old building, and the foundation upon which they built was such that it would not maintain even the kind of structure that they had erected there; and to-day, in various parts of that building, inside and out, are cracks in the walls 3 and 4 inches wide.

O Mr. President, what a fraud the builders of that building practiced and perpetrated upon the Federal Government!

The city authorities, after their investigation, declared that there was not sufficient foundation strength to carry the building which had been erected there; and the city authorities declared that the penthouse—that little part of the building that protrudes above the roof and carries the machinery necessary to carry the elevators up and down—was so poorly constructed that all they had to do to sway that penthouse back and forth was to hold their hands up against it and push it very lightly.

O Mr. President, that kind of a thing the Government permits to go on! It is not only a matter of dollars and cents; it is a matter of life and a matter of health of hundreds of Federal employees who go to work in a building like that day after day.

Just one point more: The city health authorities, the Senator from New York [Mr. COPELAND] will be glad to learn, during these condemnation proceedings went there and conducted an inquiry, and reported back in their findings that the building was dirty; that the walls inside had never been completed; that it was dirty, filthy; and that it was not only poorly ventilated, but that there was no ventilation system at all about it. There was an employees' restaurant in the building, and it was so situated in among toilets and alongside a dirty street that the least wind would bring into that restaurant, into the kitchen, all the filth and the dirt off that street. They found, in addition, that it was not a fit place for human beings to inhabit; and, of course, the city then condemned the property.

Mr. WHEELER. Mr. President—

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Montana?

Mr. NYE. I do.

Mr. WHEELER. What was the date of the completion of the building?

Mr. NYE. I have not that clearly in mind; but it was some time along in 1922, as nearly as I can figure it out from the records.

During the course of all these condemnation proceedings, all of this grand-jury action, and all of this fuss and flurry there in St. Paul, St. Paul was winning consideration for the erection in its city of a new Federal building; and it finally won an appropriation of \$2,700,000 for the erection of such a building. The outstanding site for such a building was the property upon which this commercial station stood. The Congressman from the district involved, Congressman MAAS, of St. Paul, in this bill making the appropriation for the new Federal building, wrote in a proviso against more than \$480,000 being paid for the property known as the commercial station property. The owners would not sell at that price and this forced condemnation proceedings.

The court appointed commissioners to study, investigate, and fix an appraised value on that property; and that commission, reporting back to the courts on this property that was represented to bond buyers over the country as being worth \$1,150,000, reported that the building, the lot, the value of the lease, and all were not worth more than \$317,000—\$317,000 by comparison with the \$1,150,000 that the promoters are insisting that property is worth!

The Congressman winning the insertion of this proviso in the bill for this \$480,000 limitation as to what could be paid for that property performed a splendid service for his community and for the Government, even though by this action there was occasioned insufferable delay in the starting of that new Federal building. The district court in St. Paul handling these condemnation proceedings, of course, following the report of the commissioners, gave possession of this property to the Government on that basis, I presume, of \$317,000; but the owners of the property appealed the case to the Court of Appeals, and it is still pending in the courts.

Mr. ROBSION of Kentucky. Mr. President—

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Kentucky?

Mr. NYE. I do.

Mr. ROBSION of Kentucky. I am wondering if, after the commissioners' report, the owners filed objections, and now the case would go to a jury trial?

Mr. NYE. I understand that the case is now in the Court of Appeals.

Mr. ROBSION of Kentucky. Is it still in the same court?

Mr. SCHALL. Mr. President—

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Minnesota?

Mr. NYE. I do.

Mr. SCHALL. The case has been appealed and will be tried by a jury, as I understand.

Mr. ROBSION of Kentucky. When the commissioners made their report, the owners, as I understand, declined to accept that report.

Mr. NYE. They filed their objections to the condemnation findings.

Mr. ROBSION of Kentucky. And the matter will be tried out before a jury in the same court?

Mr. SCHALL. That is it.

Mr. ROBSION of Kentucky. And it has not been tried, if I understand correctly? Is that it?

Mr. NYE. It is being tried this week, is it not?

Mr. SCHALL. I think that is it.

Mr. NYE. In 1928, Mr. President, with all of these proceedings going on, with the whole community there understanding quite conclusively what it was all about, the United States attorney for Minnesota wrote to the Postmaster General and recommended that rents no longer be paid upon that property, at least until the courts had taken such action as would ultimately be taken; and Postmaster General New then wrote and said, after reciting the charges that had been made to him of fraud and corruption up there:

I am afraid there may be some basis for such—

Meaning the charges.

I have directed the withholding of rental payments pending receipt of further instructions from the department.

Mr. President, the Post Office Department then finally admitted that there must be something wrong up there in St. Paul, and they denied any further payments of rent for that particular property. The rents were withheld; and because this was done the owners of the property are now suing the Government of the United States in the Court of Claims. How far away that case is from attention and action I shall not venture to say. Nevertheless, in the face of all of this, in the face of the fact that the case is in the courts and is to be determined in the courts, in the face of the fact that the Postmaster General now insists that even with this \$120,000 or \$60,000, whatever the amount shall be, in the bill, he does not intend to pay it, the appropriation bill comes down here to Congress and is presented to the Congress this year carrying that proviso for the payment of \$120,000 a year of rent for that commercial station at St. Paul! What is the occasion of it?

Mr. PHIPPS. Mr. President, will the Senator yield to me?

Mr. NYE. I yield.

Mr. PHIPPS. The situation, as I understand it, is this: The lump-sum figure of \$18,770,000 is recited in the bill without its being designated how it shall be used. The Maas amendment sought to order that of that amount \$120,000 should not be paid, or that no amount should be paid, for rental of the St. Paul post office. The Senate committee desired to eliminate that item. In lieu thereof, however, it proposes to reduce the total figure by the sum of \$60,000, still leaving \$60,000 of the estimated rental for the St. Paul office which would be available in the event the department finds it necessary to occupy other quarters for the coming fiscal year, beginning July 1.

Mr. NYE. Mr. President, if the money were to be used for other quarters in St. Paul, the Maas amendment written into the bill in the House would not restrain the department from paying rent for such quarters as would be taken; but the amendment provides specifically that none of this shall be payable to Kulp & Co. or to the owners of that commercial station property; and why in the world there should be such objection raised as has been offered to the incorporation in the bill of that amendment is beyond my understanding.

Does it prejudice the case? Does it prejudice the case of the Government in the courts in the proceedings that are now pending? I fail to see how it would prejudice the case of the Government; and surely the Court of Claims here is not going to be moved or driven by what the Congress shall do in this case. When the court shall take action, if the court shall say



that the Government owes Kulp & Co., the corporation owning this property, this back rental, the Congress will pay it. The Congress has always paid the awards of the court when those judgments come along. We are in duty bound to do it. The case of the Government is not going to be prejudiced.

Is the case of the owners of the property going to be prejudiced? Well, Mr. President, if it is, I think it is not going to be altogether unfortunate. If anyone ought to be embarrassed, I think it is the promoters of such schemes as this one at St. Paul, which is only a reflection of many more which are being practiced, I understand, throughout the country.

The Postmaster General points out that the Government does not have a path of roses to tread in winning such facilities as it needs in various parts of the country. Uncle Sam is not considered a very good tenant. The changing Congresses from year to year make contracts in some degree uncertain; at least, so it is argued. It is said that the Government is a hard taskmaster upon the landlord; that Uncle Sam insists upon too precise a living up to the letter of the law and of the contract under which the departments are operating; and, that being the case, that it is exceedingly difficult to get people to erect such facilities as the Government needs.

I do not know how true that may be, Mr. President; but I venture to say that if the people in this country generally knew of the opportunity that was theirs to build something and rent it to the Government—to build what they rent to the Government for \$1, and then collect from bondholders out over the country \$3 for that \$1—many, many people would be more than delighted to avail themselves of that opportunity.

Mr. President, here is the very interesting part in the whole controversy—there have been a very limited number of people who have enjoyed these contracts at the hands of the Government, a very limited number of people, and they have spread their activities all over the land. How many of them are as bad or how many of them may be worse than the St. Paul situation, Heaven alone knows.

I think Representative MAAS himself, on the floor of the House some days ago, answered those who argue against his amendment about as thoroughly as it could be answered, and it seems to me he has covered the ground very well. He said:

The position of the Postmaster General is a most inconsistent one. First, he says they have no intention of paying the rent at St. Paul under this lease, and then he objects to having the item stricken out of the appropriation bill on the ground that it would be a repudiation of the sanctity of a Government contract. Which does he mean? Is he going to uphold the sanctity of the lease and pay the rent after telling us he is not going to, or is he going to continue to withhold the rent and thereby himself violate the sanctity of the lease, as he puts it? He means either that he is not going to pay the rent, and that is all the amendment to which he objects provides, or he means that the doubtful sanctity of the questionable lease should be upheld and he intends to uphold it. What else could he want the money in the bill for?

Mr. President, where there is an agreement that this rent can not be paid out of this appropriation, even though the Court of Claims should hold that the Government owed the amount, because in that case we would have to resort to separate legislation to meet the judgment which would be filed as the result of the action of the Court of Claims, I can not understand for the life of me what great damage is being done by leaving out of this bill that item of \$120,000, which can be used for only one of two purposes, either to pay the rent on that disputed commercial station property or to lease new quarters in St. Paul.

Under this amendment which I am insisting be maintained as a part of the bill in the Senate, there is nothing to restrain the Post Office Department from paying out that amount for quarters other than the Commercial Station, if they keep it to engage such quarters in St. Paul.

Mr. President, in conclusion, I want to be permitted to point out just this one fact. The Postmaster General, in his letter to the Senate committee, says that, according to the solicitor in his department, he would not have to pay any rent for this commercial station at St. Paul. The Comptroller General somehow seems to think a little differently. The Comptroller General, I understand, maintains that with this provision in the bill, if a bill is properly presented for payment by Government for rent, or back rent, upon that building at St. Paul, the Comptroller General will feel called upon to O. K. that bill, and pass upon the claim.

Mr. PHIPPS. Mr. President, will the Senator yield?

Mr. NYE. I yield.

Mr. PHIPPS. May I ask the Senator the source of that information? I do not find that any such word has been communicated to our committee by the Comptroller General's office.

As to the amounts involved, the rental which the department has refused to pay since March, 1928, up to the present time, has

been made available, it has been appropriated for, the money is in the Treasury. It is being withheld by the Post Office Department.

The bill we now have under consideration appropriates money for the coming fiscal year, beginning July 1 next. The department now asks that their estimate of \$120,000, as originally made for the year 1931, be reduced by the sum of \$60,000, that it be cut in half. If an award comes from the Court of Claims, as the Senator says, it must be treated and paid under a separate appropriation. Money that has been held for the purpose of paying accrued rentals, as we might call them, on this post-office property, reverts to the Treasury if not used for that purpose.

I desire again to emphasize the fact that this entire controversy is in court, and while it is in court, our committee is strongly of the opinion that it should not be called upon to take action which would in any manner have an effect upon the consideration of the claim in the court.

Mr. NYE. Has the Senator considered what would be the effect in court, if there would be any effect at all, of the ability of the owners of this property in the actions pending being able to point out to the court, "Here is the appropriation bill passed by the Congress affording an appropriation of \$120,000. The Congress is not questioning our right to this rent." Would not that prejudice the case?

Mr. PHIPPS. Not at all. The situation, on the other hand, is that the Senator has been arguing for the Maas amendment, which is a definite notice that under no circumstances can any portion of the lump-sum appropriation be used for the purpose of paying rental for the lease existing on the St. Paul property, and which clearly, on the face of it, if it would have any effect whatever, would have the effect of prejudicing the case of the owners of the property in the courts.

Mr. NYE. Mr. President, it comes down to this: Shall we or shall we not take action upon this thing while it is pending in the courts? If we do not take action, then we simply blind ourselves, we close our eyes, to the thievery which has been practiced all these years in the contracting of these properties throughout the land, we close our eyes to that thievery. No matter what the courts do find in this case it is here, and now the duty of the Congress is to discourage, to sit down upon, to destroy, if we can, this vicious thing which has fastened itself upon this program of contracting and leasing facilities for post-office purposes throughout the land.

If we do shut our eyes now and ignore this thing, and let this appropriation stand, I think we are but helping those who have been thriving so splendidly upon the Government through these very unfair leases.

The St. Paul case of itself is a very small thing by comparison with what is perhaps true all over the land. Representative MAAS, in a letter to me, declares this:

In investigating this matter I found that this same man, Jacob Kulp, owns a very large number of the commercial post-office stations leased to the Government and that he has practiced similar orgies of high finance in the bonding of these properties, and that there is apparently a wholesale policy of exorbitant leases on fictitious and fraudulent valuations.

A station at Chicago, appraised at \$350,000, is leased to this same man at \$125,000 per year for 20 years on a noncancelable lease. He also has one in Los Angeles appraised at \$415,000, upon which he has a lease for \$125,000 per year, 20 years, noncancelable. These are but a sample of his holdings.

It becomes apparent that there is anywhere from eight to ten or more million dollars a year of excessive and unwarranted rentals being paid by the Post Office Department for leased quarters. This has been expanded into hundreds of millions of dollars of bond issues upon fictitious and fraudulent valuations.

O Mr. President, eight or ten million dollars, of which the Government is being defrauded every year! Eight or ten million dollars, to my mind, does not begin to cover the unfair rents which the Government is paying for post-office property throughout this land to-day.

In the case of St. Paul we have an actual valuation, according to the commissioners appointed by the court, of \$317,000, which has been bloated and blown up to a valuation of \$1,115,000. Upon the basis of that inflated \$1,115,000 valuation the recipients of the profits and the revenue are enjoying a return of 6 to 10 per cent.

Mr. President, if that ratio holds true, if the ratio which holds at St. Paul is true in the many other cases out over the land, then six or eight or ten million dollars would not cover the excess rental which the Government is paying.

Why do I say that? I say that because of the vast amount of bonds of this nature which are in circulation in this country, bonds covering these post-office properties erected under contract

with the Government, because the bond issues floated to cover those things have mounted into so many millions of dollars that I insist that it is possible, if we take the step here to-day and then the further step called for in the resolution offered by the Senator from Wisconsin, to save to the Government of the United States in post-office rentals from \$40,000,000 to \$50,000,000 a year at least.

Why do I say that? I say that because of the information afforded by the president of a very prominent national bank in this country, who writes his Senator here in this Chamber as follows:

I am informed that an effort is being made \* \* \* to have the Government upset the post-office leases. Inasmuch as there are a very large number of such leases scattered throughout the United States having various length expiration dates and upon which there has been sold to the public a total of something like \$150,000,000 of securities, it would occur to me that it would pay you to look into this situation and not permit any hasty action to precipitate what might become an unfortunate situation for the entire country.

Mr. PHIPPS. Mr. President, will the Senator yield?

Mr. NYE. In just a moment. Here is this contention by a banker who ought to know what he is talking about, by a banker who evidently has some of the bonds in his own vaults, by a banker who perhaps has been selling these bonds to others, that \$150,000,000 worth of this kind of fictitious stocks and bonds is floated in this country to-day. If we are paying 30 per cent on the actual investment at St. Paul, then we are paying 30 per cent, it is fair to assume, upon the \$150,000,000 valuation, or 20 to 25 per cent more than is actually called for by the merits of the property involved.

Mr. PHIPPS. Mr. President—

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Colorado?

Mr. NYE. I yield.

Mr. PHIPPS. I call attention to the fact that the total amount appropriated for rental of buildings for first, second, and third class post offices is only \$18,770,000.

The VICE PRESIDENT. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The LEGISLATIVE CLERK. A bill (S. 51) to subject certain immigrants born in countries of the Western Hemisphere to the quota under the immigration laws.

Mr. McNARY. Mr. President, I have discussed the parliamentary situation with the Senator from Colorado [Mr. Phipps], who has in charge the appropriation bill which has been under consideration by the Senate, and the Senator from Georgia [Mr. Harris], who has in charge the unfinished business. I think all concerned concur in the view that we should proceed with discussion of the matter now before the Senate. Therefore I ask unanimous consent that the unfinished business may be temporarily laid aside and that consideration of the appropriation bill now before the Senate be continued until it shall have been concluded.

Mr. HARRIS. Mr. President, I have no objection.

The VICE PRESIDENT. Without objection, it is so ordered, and the Senator from North Dakota will proceed.

Mr. NYE. Mr. President, if the Director of the Bureau of the Budget had known what we in the Senate know to-day the bill would have come to the Senate with a proviso in it such as was written in it in the House. In proof of that I want to read a letter written by the Director of the Bureau of the Budget to Congressman MAAS:

BUREAU OF THE BUDGET,  
Washington, March 17, 1930.

Hon. MEL MAAS,  
House of Representatives.

MY DEAR MR. MAAS: I have your letter of March 13, 1930, relative to the item in the Budget for 1931 for rent, light, and fuel in the field service of the Post Office Department, with particular reference to the rent for the property known as commercial station, St. Paul, Minn.

This item reads:

"For rent, light, and fuel for first, second, and third class post offices, \$18,770,000."

Provision is not made therein for rent for any specific property, but the justification of the estimate submitted by the Post Office Department included provision for meeting obligations which would accrue on existing contracts, and provision for the rent for commercial station came within this category.

I am informed that the lease for this property, dated March 11, 1925, provides for the payment of rent at the annual rate of \$120,000, " \* \* \* : Provided, Congress shall make the necessary appropriation therefor from year to year, or authorize the payment of such rental \* \* \* ."

Had the Postmaster General requested in his estimates for the fiscal year 1931 language providing in specific terms that no part of the appropriation for post-office rentals should be used for the payment of rent for commercial station, I would have recommended its inclusion in the Budget for that year. Moreover, if the order of the court giving the United States possession of the property under condemnation proceedings had been made prior to the date the Budget for 1931 was transmitted to Congress as required by law—viz, December 2, 1929—I have every reason to assume that the Postmaster General would not have made provision for the rent in his estimate. If he had, and had this bureau been advised of all the facts in the case as they now exist, I would have brought the matter to the attention of the Postmaster General for the purpose of effecting a corresponding reduction in the estimates, and would have raised the question of the desirability of inserting in the text of the estimate a specific provision that no part of the funds should be used for the payment of rent for the property in question.

Very truly yours,

J. CLAWSON ROOP, Director.

In other words, had the Director of the Budget known when the post office appropriation matter was before him what the Senate knows now, he would have raised the question of the desirability of inserting in the text of the estimate a specific provision that no part of the funds should be used for the payment of rent for the property in question.

Mr. President, this case presents to us a splendid opportunity to clean up what at best is a bad mess. It affords us an opportunity to step in and save, as I have said, millions of dollars for the Government. It affords us the opportunity, as I have also said, to protect the lives and to protect the health of thousands of employees in the Government service. It affords clearly the opportunity to turn the key in the door and protect ourselves and protect the Treasury from these thieves, who, through all of the years, have been going out and building mushroom buildings and leasing them to the Government at enormous rentals, buildings that are not fit for man to inhabit, as the health authorities at St. Paul discovered.

The remedy is not to have the Government afford protection to innocent investors, but it is to cancel the lease on the ground of fraud and lay the foundation for a suit by those innocent investors against the unconscionable crooks who sold them bonds for \$3 which were actually worth only \$1. I think that Kulp & Co. are subject to serious charges and are subject to suit at the hands of those to whom they have sold the bonds. If an investigation should show that the Government of the United States of its own knowledge has permitted this thing to go on, if the Government of the United States has known that these practices were being indulged in and has sat silently by and not protested, and if the innocent investors can not win recovery from Kulp & Co. for their investments, if our Government is guilty of what I suggest it might be shown to be guilty of, then I, for one, am ready to say that the Government ought to reimburse the investors who have made their investments because their Government shut its eyes to what was going on. I hope that the so-called Maas amendment in the appropriation bill which the Senate committee saw fit to do away with may be retained in the bill when it passes the Senate.

Mr. SCHALL. Mr. President, I understand the Maas amendment has been reintroduced.

Mr. PHIPPS. The Maas amendment was eliminated by the Senate Committee on Appropriations.

Mr. NYE. The parliamentary situation is that the Senate will be called upon to concur in the committee amendment.

Mr. McKELLAR. Those who favor leaving it to the court and who favor the Congress not doing anything will vote "yea" to strike out the amendment, and those who believe that fraud, rascality, dishonor, and dishonorable proposals shall not be permitted will vote "nay."

Mr. PHIPPS. That is hardly an accurate statement, in my opinion, because I think there is not one member of the committee who was not convinced that there had been very questionable methods employed, to say the very least, and that there existed a very strong suspicion of fraud having been perpetrated in the deal; but the case being in court the committee felt that it should be left to the court, particularly as the department is on record as saying that in no event will it use any of the money appropriated to pay on this commercial contract.

Mr. SCHALL obtained the floor.

Mr. SHIPSTEAD. Mr. President, will my colleague yield that I may suggest the absence of a quorum?

The VICE PRESIDENT. Does the Senator from Minnesota yield to his colleague for that purpose?

Mr. SCHALL. I yield.



Mr. SHIPSTEAD. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Allen	Glass	Kean	Shortridge
Ashurst	Glenn	Kendrick	Simmons
Barkley	Goff	McCulloch	Smoot
Bingham	Goldsbrough	McKellar	Steiwer
Black	Gould	McNary	Stephens
Blaine	Greene	Metcalf	Sullivan
Borah	Grundy	Norbeck	Thomas, Idaho
Bratton	Hale	Norris	Thomas, Okla.
Capper	Harris	Nye	Townsend
Connally	Harrison	Oddie	Trammell
Copeland	Hastings	Overman	Tydings
Couzens	Hatfield	Phipps	Vandenberg
Dale	Hayden	Pine	Walsh, Mass.
Dill	Hebert	Robinson, Ind.	Walsh, Mont.
Fess	Heflin	Robison, Ky.	Watson
Frazier	Howell	Schall	Wheeler
George	Johnson	Sheppard	
Gillett	Jones	Shipstead	

The VICE PRESIDENT. Seventy Senators have answered to their names. A quorum is present.

Mr. SCHALL. Mr. President, I wish to emphasize as strongly as I can that the amendment in this bill as it comes from the House of Representatives should be retained. If the Senate shall not retain the amendment, the case now being tried in behalf of the Government will be prejudiced.

The Senate Appropriations Committee refused to concur in the House amendment to the appropriation bill and struck out the following:

*Provided further,* That no part of this appropriation shall be available for the payment of any rents or other expenses to the Commercial Station Post Office (Inc.), its agents, attorneys, representatives, or assigns, for use of premises known as commercial station, at Third and Sibley Streets, St. Paul, Minn.

This amendment should be retained in the bill.

The premises occupied by the commercial station of the St. Paul post office have been condemned, and the matter of rent and value of the property is now in the hands of the courts for solution.

I am advised that the United States Attorney General's office says that without this amendment the Government's case before the court will be prejudiced. By placing back into the bill the House amendment this prejudice will be prevented.

A short statement of facts, as I gather them from the attorneys engaged in trying this case for the Government, is as follows:

A certain Chicago crowd in some way ascertained that the Government in 1921, during the latter part of the Wilson administration, wanted to build a post-office station adjacent to the Union Depot in St. Paul. This concern in its haste to secure the job paid \$175,000 for a piece of property that was not worth more than \$75,000. It then submitted a proposition to the Government to build this building, which proposition was accepted, with a stipulated rental of \$120,775 per year, and the owners immediately began the structure. The Government treated the building as private property and did not inspect during construction. When the city of St. Paul attempted to inspect, its inspectors were ordered off the premises and were told that this was a Government building and that the city of St. Paul had no jurisdiction. The original lease contained a clause to the effect that the Government might cancel at any time when it might wish to move into its own building upon giving 90 days notice. The building was built and turned over to the Government in the fall of 1921. The lease was executed in accordance with the contract some time in the spring of 1922. The property owners induced the Post Office Department, by reducing the annual rental of \$120,775 to \$120,000 a year, to enter into a new lease for the remaining 16 years, with the cancellation provision eliminated. Photostat copies of this second lease were made and used by the owners in selling stock amounting to \$1,150,000 to the general public. The list of these stockholders the Government's attorneys so far have been unable to ascertain. A second issue of stock of \$500,000 to \$1,000,000 was about to be issued when the Federal grand jury of Minnesota began an investigation and the matter received an extraordinary amount of publicity.

Some time after the grand jury report was made the United States Treasurer refused to pay any more rent. There is a suit now pending in the Court of Claims for a part of the accrued rent under the lease. After the Government's point was sustained by the court, that there was no further obligation to pay rent under the lease for the reasons given, the Government decided to take testimony in the Court of Claims suit and that testimony will be taken in a short time, as I understand it.

In determining the value of this property in the condemnation proceedings, the Government's attorneys made a study of the value of the building which the Government is occupying

under the lease and found many defects. The major one was that the present building was erected upon old foundation walls that had been in use under a hotel building for about 40 years; that the old hotel building carried only about one-fourth of the weight of the present building; that because of this great weight on the insufficient foundation the building has been in process of settling and sinking to such an extent that the building is in imminent state of collapse, and that for this reason it is unfit for occupancy and has no value at all. The owners claim that the building is sound and replacement value at this time is \$530,000. The fact, as stated by the Government's attorneys, is that the real estate, which is the only thing of any value on the property, is not and for the last 15 years has not been worth more than \$75,000.

If the Senate should continue to refuse to concur in the House amendment in refusing to appropriate money to pay the current \$120,000 annual rental stipulated in the lease, which has 12 more years to run, it will stick the Government for \$1,440,000. If it should be deemed in law that the appropriation to pay this rental with full knowledge of the fraud amounts to a ratification, this action alone of the Senate may convert the lease into a valid obligation, for there is a condition in the lease making the obligation to pay the rent subject to the condition that Congress shall make an appropriation to pay the rental. I want to emphasize—and this is the serious danger in leaving out of this bill the House amendment—that if Congress, with full knowledge of the fraud and irregularity in obtaining the lease, appropriates money to pay the obligation of that lease, it may amount to a ratification of the lease contract. Therefore, in my opinion, the Senate should not take this chance and should put back into this appropriation bill the House amendment. It can do the owners of the building no harm, because their matter is already before the court for adjudication, but it can do Uncle Sam the harm of taking the chance of reaffirming this outrageous contract.

The Government, through condemnation, is now the owner and in legal possession of this property; is ready to tear down the present building and to begin the erection of a new post-office building on the site of this leased property and other adjacent property to cost \$2,700,000.

The city of St. Paul and many of its citizens personally are very much interested in getting this building and having it started as early as possible. There has been a great deal of publicity on the subject, scattered through the last two years, and especially the last seven months, during the condemnation proceedings.

It would be, it seems to me, negligence on the part of the Senate to in any way, either in part or in total, renege this contract after the full light of day has been thrown upon it revealing the actual value of the property, which is \$75,000.

If as the Post Office Department testified in the hearings that 6 per cent of the value of the property is an adequate return, then the value of this property would be \$2,000,000, while the actual testimony shows the real value not to exceed \$75,000.

Assertion has been made that the United States must keep its agreements. The Supreme Court decided that we did not need to keep the Teapot Dome agreement, and it seems to me it would be wise for the Senate to make a decision now in keeping with this decision of the Supreme Court, and not blunder along and renege this unconscionable lease.

Are the people to keep on paying this unreasonable rental or pay the value of the property based upon that rental because somebody made a mistake? What is there to justify the Senate from withholding its hand in striking out this evident fraud upon the people of the United States.

The appraisers appointed by the court, and if anything were inclined to give it every cent it would possibly hold under any strain of reasoning, valued it—real estate, building, and interior fixtures—as not to exceed \$317,000. Three hundred and seventeen thousand dollars at 6 per cent, as was testified was the reasonable rental value by the department, would equal \$19,020 per year rent instead of \$120,000. The Government has already paid in rent for this \$317,000 outfit over a period of seven years about \$800,000, so that if we make sure of no further payment upon this lease we will have paid reasonable rent of about \$20,000 per year for something over 40 years, and Uncle Sam would still have coming from the amount already paid over 30 years' rent, so I can not see, Senators, how we are defrauding anyone except Uncle Sam if we do not agree to this House amendment.

The estimate placed on the entire property—real estate, building, and fixtures—by the owners is \$625,000, about one-fourth of the rent they are collecting. If 10 per cent were even allowed as rental it would be only about one-half of the amount that is collectible under the lease.

The lease in question contains a clause that Congress shall make the necessary appropriation from year to year, and I am of the opinion that the effect of that provision in law is to render this lease one from year to year and nothing more. I am



informed that there are sufficient court decisions so holding, and these decisions were submitted to the lawyers trying this case by the Attorney General. We can not, as Senators, put our O. K. upon a payment of \$120,000 per year upon a property valued at \$300,000, and surely the people of this country have a right to look to the United States Senate for protection from this indefensible gouge, and it is up to the United States Senate to take no chances on prejudicing, by their action, the Government's case before the courts.

Mr. McKELLAR. Mr. President, I will take only a few moments on the pending amendment.

The amendment striking out the House provision ought to be defeated. There should not be any more money paid on this post-office building in St. Paul. I stated the issue a while ago, and I think I stated it too mildly, notwithstanding what my friend from Colorado [Mr. PHIPPS] had to say about it. I think the issue here is whether we are going to vote to condemn as flagrant a piece of dishonesty and corruption as has come to the notice of the Congress for a number of years, or whether we are going to condone that dishonesty and corruption. Keeping this House amendment in the bill condemns this iniquitous transaction. Striking out the amendment will, in my judgment, condone it. I have no doubt in the world what the Senate is going to do. When the roll shall be called Senators are not going to condone that corruption; and we are going to have the roll called on the question. A majority of members of the committee went off on the idea that the department would not pay any further rent anyway, and that as there was a lawsuit about it, the House amendment ought to be left out. I can not agree that that course should be pursued.

Let us see what the facts are. If I make a mistake, I hope anyone who knows that I have made a mistake will correct me. Some persons in Chicago, whose names are not important, found that a sub-post-office building was needed in St. Paul. They went there and bought a piece of property for \$100,000 and issued bonds of \$100,000 on it. They themselves invested no money in it; it was all a scheme to make the Government hold the bag and pay all the actual money. Then they came to Washington and made a contract with the postal officials of the Government to rent that property for post-office purposes. They had to put some improvements on the building, but those improvements must have been exceedingly meager in view of the condition in which the building was found to be when an investigation was had afterwards. However, some improvements were made to the building, and the owners obtained a 20-year contract with the Government, under which the Government agreed to pay \$120,775 a year rental.

What improvements were put on the building does not appear, so far as the record which I have discloses; but later a jury of view found what the cash value of the property was, and it was found out to be only \$317,000. On that basis of valuation under the contract, according to which the Government is obligated to pay a rental of \$120,775 a year for 20 years, it is readily to be ascertained by a very simple calculation that the Government in the aggregate will pay \$2,415,500 rental during the 20 years on a piece of property as to which the best that can be said for it is that it was valued at \$317,000. In other words, during the first three years the Government virtually more than pays the value of the entire property. In still other words, the department pays 38 per cent rental on the actual value of this property.

The first man who got the contract issued \$750,000 of bonds on it, and sold them, and then disposed of his interest in the property itself. He must have netted as much as \$400,000 on the transaction—a pretty nifty profit. When the second man came to investigate he found that there was a cancellation clause in the contract. He employed an attorney to come to Washington and make another contract with the Government, and in order to secure the elimination of the cancellation clause he agreed to reduce the rental \$775 a year. The Government entered into that new contract. Why, no one seems to know. In other words, with all the facts before it, the Government entered into a 20-year noncancelable contract by which for a piece of property valued at \$317,000 it agreed to pay \$120,000 a year for a period of 20 years.

What did the owners of the property do when they obtained the new contract? They went back home and issued \$400,000 more bonds, on the basis of getting the cancellation clause removed from the contract. This was, indeed, some high financing, all at the expense of the Government. In other words, on the mere basis that they had gotten the cancellation clause eliminated from the contract, they issued more bonds to the amount of \$400,000, making in all bonds to the amount of \$1,150,000 issued on this property, which was valued by a jury of view in the city where it was located at \$317,000. Think of the Government allowing its name and a contract into which

it entered to be dealt with in that way on the market. I know that some of my colleagues on the committee felt that, inasmuch as the department was not going to pay any further rent, we ought to leave the matter with the department. I do not question the sincerity of those Senators, but I think it would be a mistake to leave such a matter to the department.

By the way, it was such a good thing that the owners of the property were about to issue more bonds when the court interfered, and the Government undertook to find out what the value of the property was, and instituted a proceeding which brought out all the facts.

Those are the plain facts of the case.

Somebody said that they had made improvements on this property. My good friend from Ohio [Mr. FESS] did not say that in debate; he just said it to me as he passed along a few moments ago. For his benefit, and for the benefit of other Senators, I want to show what kind of a piece of property this is, as shown by the report of the chief health officer of St. Paul:

I was surprised to find that this building, constructed not so many years ago, was entirely without a ventilating system. The only air brought in and out of these buildings is such as may be carried through windows that are entirely inadequate. In the basement there is practically no ventilation except such as may be blown in from the outside on a windy day when the doors are left open. The toilets are improperly placed; the lunch room provided for the employees is ventilated from windows leading directly out on the street, so that when the wind blows all the dust and dirt of the street is wafted into this restaurant.

I would say that the building, from a health standpoint, is absolutely constructed wrong, and is surely not a fit place for human beings to work in. As far as the other conditions are concerned, in which our bureau would be interested, would say that the walls and ceilings are dirty, and I know of no business house in our city that would tolerate such conditions, even without inspection on our part.

That is the kind of building it is. It is not fit for any men or women to work in. The highest valuation that could be suggested on this property is \$317,000, for which our Government is paying \$120,000 a year rental. I say this whole transaction is without parallel in dishonesty; it is reeking with corruption; and, in my judgment, no Senator ought to cast his vote on anything that might condone in any way, directly or indirectly, the taking over of this property.

For these reasons I was opposed to the Senate committee's amendment when it came up in the subcommittee and in the full committee, and reserved the right to oppose it on the floor of the Senate. I am not going to vote for any amendment which might be construed as a vote for any dishonest and corrupt transaction of this kind.

But it is said that the matter is in the courts. If it is in the courts, the courts are going to do justice between the parties without regard to what the Congress does. The court will do its duty, in my judgment. All that it is necessary for us to do is to do our duty; and our duty is to frown down upon the whole thing. The only way it can be done is, when this amendment comes up, for Senators to vote "nay"; and I hope the vote will be unanimous.

Even my good friend the Senator from Colorado [Mr. PHIPPS], the Senator in charge of the bill, has said that there were many things about this transaction that he did not think were right, judging from this record; that there were suspicious circumstances about the transaction that he did not approve. He did not defend it. He is not going to defend it. It can not be defended. He and the majority of the committee struck out the House amendment solely, as I understand, on the ground that the department was not going to make any other payments anyway. I think the Senate amendment ought to be withdrawn by the Senator in charge of the bill, and that the Senate ought to go on record unanimously as being opposed to it; and I hope they will so vote unanimously.

Mr. BLAINE obtained the floor.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER (Mr. FRAZIER in the chair). Does the Senator from Wisconsin yield to the Senator from Nebraska?

Mr. BLAINE. I do.

Mr. NORRIS. I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from Wisconsin yield for that purpose?

Mr. BLAINE. I yield.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Allen  
Ashurst  
Barkley

Bingham  
Black  
Blaine

Borah  
Bratton  
Capper

Connally  
Copeland  
Couzens



Dale	Harrison	Norbeck	Smoot
Dill	Hastings	Norris	Steiwer
Fess	Hatfield	Nye	Stephens
Frazier	Hayden	Oddie	Sullivan
George	Hebert	Overman	Thomas, Idaho
Gillett	Heflin	Phipps	Thomas, Okla.
Glass	Howell	Pine	Townsend
Gleason	Johnson	Pittman	Trammell
Goff	Jones	Robinson, Ind.	Tydings
Goldsborough	Kean	Robison, Ky.	Vandenberg
Gould	Kendrick	Schall	Walsh, Mass.
Greene	McCulloch	Sheppard	Walsh, Mont.
Grundy	McKellar	Shipstead	Watson
Hale	McNary	Shortridge	Wheeler
Harris	Metcalf	Simmons	

The PRESIDING OFFICER. Seventy-one Senators having answered to their names, there is a quorum present.

Mr. BLAINE. Mr. President, I desire first to express my appreciation to the Senator from Colorado [Mr. PHIPPS] for deferring action upon this amendment until this time.

As this matter appears to me, it is far more vital to consider the question involved from a general standpoint than merely from the standpoint of this one particular lease. It is true that this lease raises an issue that affects the whole subject of Government leases for post offices, commercial postal stations, and substations; but this lease is merely an example of that which has been going on for years in the Post Office Department, so I shall direct my remarks generally to that issue.

It has been suggested, however, that there are innocent bondholders whose property rights may be affected by a rejection of the committee's amendment striking out the amendment offered and adopted in the House. It may be true that there are innocent bondholders whose property rights may be affected by the proposal. It may be true that the property rights of innocent men and women may be affected in relation to all the leases to which reference has been made. It is true that the individual's rights are important, and ought to be respected in the proper manner, but not in the manner that has been proposed or suggested. If there has been general fraud and misrepresentation, even going to the extent of corruption, in connection with these Government leases for post-office purposes, then are we to continue to pay tribute to those who have defrauded the Government because perchance there may be innocent bondholders? In my judgment, by such a course we should be condoning the offense; we should be parties to the corruption and fraud that has been charged of record in our courts and before certain departments of our Government.

Let me say to the innocent bondholders, to the innocent men and women who have purchased some of these bonds, that when the proper times comes they will be at liberty to present their claims to the Congress of the United States and obtain redress. If the Government of the United States is morally responsible for whatever losses may befall them, Congress will not hesitate to make an appropriation for their relief. But that time has not arrived. It may never arrive. But if it does arrive, the whole history of our country indicates quite clearly that wherever the Government has been responsible through the negligence, fraud, or corruption of Government officials, so far as innocent men and women were affected, then the Congress of the United States has come to their rescue and made appropriations based upon moral obligations. That is the course for the bondholders to pursue when they meet the eventuality of a loss. But this is no time for a consideration of that question.

Now is the time to consider whether or not Congress is going to give its stamp of approval to a proceeding which reeks with corruption, with fraud, with misrepresentation, aye, and I am not so sure but that it leads right into the Post Office Department of the United States. There is every indication that the Post Office Department has either been a party to these frauds and corruption, or has been exceedingly negligent in the performance of its duty and its trusts.

Mr. NYE. Mr. President, I would like to ask the Senator whether, in view of the fact that the contract which the Post Office Department entered into with the owners of this St. Paul property carries a proviso making the payment of the rent dependent upon appropriations of Congress, the Congress has not a grave, serious responsibility in connection with the retention of this item in the bill at this time?

Mr. BLAINE. A most serious responsibility, and wherever the Congress of the United States has called to its attention a condition which involves fraud or involves corruption, then the responsibility rests with Congress to prevent by legislation a consummation or a continued consummation of that fraud and the debauchery and corruption or whatsoever offense may have been committed.

In the consideration of this matter I want to turn my attention for a moment to the suggestion that the courts may determine this question. The Court of Claims may determine the question, but the first matter to be considered is whether or not

the Attorney General's department has been diligent in defending the Government against this claim in the Court of Claims. Let us examine into that for just a moment.

A claim has been filed against the Government, a case is being prosecuted in the Court of Claims on the very lease in question. Who represents the Government? The department of the Attorney General of the United States. What is the Government's defense? I will read the defense set up in the counterclaim filed by the Attorney General's department, and then proceed to analyze the counterclaim as filed in the case.

First, the Government alleges that the lease was made without advertising. The second, that the rental was so grossly in excess of value as to amount to fraud. Third, that the value of the premises was only \$240,000, and that the rental value was only \$24,000 yearly; and fourth, that during the period of the lease, and prior to March 1, 1928, the United States erroneously paid \$288,000 in excess of reasonable value.

Mr. President, if a diligent lawyer, in the private practice of the law, had a client in a situation similar to that of the Government of the United States in this case, making the allegations that are made in the counterclaim, that diligent lawyer would have pleaded as one of the causes of action in the counterclaim, facts which would justify the cancellation of this lease, and thereby terminate the possibility of future fraud. But did the Attorney General's department do anything of the kind? No, no. There is no allegation, no prayer, no demand for the cancellation of this lease, which was admittedly conceived in fraud and has been carried out in fraud. All the Attorney General's department proposes to do is to set up a defense against a portion of the rent. I repeat, a diligent Attorney General would have pleaded facts sufficient to bring about by judgment a cancellation of this lease.

The time is not too late, however, for the institution of such an action. But is there one word or one suggestion from the Attorney General's department that that is going to be the procedure in this case? No; there is no indication that such will be the procedure in the case.

On the contrary, when this case was before the grand jury, or about the time the grand jury made its report, the Attorney General's department made certain that the assistant United States district attorney who had charge of this case before the grand jury would lose his job, and thereby cease his activity, which was an aggressive activity in behalf of his client, the Government of the United States.

Mr. President, we are in this position, we are faced with these circumstances, if we are to approve this lease—and I am sure there is no one on the floor of the Senate who would have the temerity to defend the lease against the charge of being a fraudulent lease—then a legislative body has only one duty to perform under such circumstances.

Innocent bondholders will be taken care of in the future. Crooks should be taken care of now by a refusal to compensate such crooks for their crookedness.

Mr. President, I do not make these statements or these charges out of my own mouth; I am merely repeating that which is of official record in the United States district court, in the Budget Bureau's records, in the records of the Comptroller General—yea, even in the records of the Post Office Department—and I shall proceed to review the official record as I find it to be.

Let me say preliminary to that, however, that I have not obtained these records by any easy method. It has been necessary to resort to a subpoena by one of the committees of the Senate in order to have impounded the Post Office Department's records so that we might examine them. More than that, I have repeatedly solicited the Post Office Department for information. On one excuse and another that information has been denied. So it has been necessary to seek other sources in order to ascertain the facts.

I charge that the Post Office Department has been negligent in this case. I would not hesitate on my honor to charge that the Postmaster General knows of the schemes that have been entered into by the original proponents of the fraud in this lease and of other frauds relating to other leases.

Due to the extreme cost of the war, the Post Office Department or Congress, or both, found that the expenditures for building post offices were going to run into several million dollars. The Government was heavily in debt. It was therefore thought wise, under President Wilson's administration, to rent or lease post offices, substations, and commercial postal stations.

Pursuant to that policy, Congress made an authorization for that purpose, as I understand the history of it. Since then, in cities of over 50,000 population, there have been leased, in round numbers, 1,200 post-office buildings, or buildings for the use of the Post Office Department, substations, and commercial postal stations.



Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. McKELLAR. That policy does not apply generally to post-office buildings themselves.

Mr. BLAINE. No.

Mr. McKELLAR. But it was applied simply to substations or commercial stations. The Government now has post offices in all of the large cities and in most of the small ones; but this plan originated, as the Senator has said, I want to say to the Senator over my disapproval. I did not think it was wise at the time. The people who build these post offices, these substations, and these commercial stations, usually get the entire cost of the station before the lease is half out. Great profits have been made by them, and the Government has had to pay several times as much as if the Government itself had constructed the buildings and issued bonds against the cost of them.

Mr. BLAINE. Mr. President, I was not criticizing the policy entered upon, not at all. I am discussing the administration of the policy. I understand, as the Senator has suggested, that the policy of leasing buildings for post-office purposes applies generally to commercial postal stations and substations, but it likewise applies to post offices especially in the smaller cities, and also to some cities of an appreciable size. I think there is no difference of opinion on that proposition.

Mr. McKELLAR. It applies to garages, too. The Government is now renting a great number of garages in various cities of the country at very large rentals.

Mr. SHIPSTEAD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Minnesota?

Mr. BLAINE. I yield.

Mr. SHIPSTEAD. The Senator said that he thought the Post Office Department had been negligent.

Mr. BLAINE. I think it has been worse than negligent.

Mr. SHIPSTEAD. That is what I wanted to know.

Mr. BLAINE. Yes; worse than negligent.

Mr. SHIPSTEAD. How much worse?

Mr. BLAINE. I shall read the record and then I am sure the Senator will be able to draw his own conclusions.

Mr. President, I briefly outlined how the policy originated, but, as I said, I am not criticizing the policy. I personally would favor the Government constructing its own buildings, but we have the policy on our hands, due to the circumstances which I have outlined.

I asked the Post Office Department for a statement concerning some 1,200 stations in cities of over 50,000 population. I wanted quite full and detailed information. The Post Office Department's reply was that it would take 800 clerical hours to furnish me with the information. Probably it would take that long. I do not know. I am rather of the impression, however, that the suggestion constituted merely an excuse to avoid responsibility. I then began making application for information with respect to specific places and up to date I have received partial information as to 12 such stations. I assume it would be several months before any Member of the Senate would be able to receive full information. The records of the department are poorly kept. It seems that many of the records are deficient in information. There is no system. There are some of the substations as to which the Post Office Department can not even find a single file and in many of the files which the department has it is found that much valuable information is missing.

For instance, I have in my possession three reports. Out of the 12 different stations as to which specific requests were made they were unable to give the value of the property of three of them. The answer was "The department has no figures," and the annual rental in one of those cases amounted to \$17,750. In a second case the department said it had no figures as to the value of the property, and the same statement was made as to the third case. That constituted one-fourth of the 12 cases upon which they made a report. If that is a fair example of the department's manner of procuring information and having the information in the department files, then it seems to me that the Post Office Department, so far as its administrative features are concerned, ought to be materially revised. I thought we had had a business administration for eight long years. I know there is no business in the world which has accounts running into the millions of dollars where valuable information could not be obtained from the files of the office of that business. But that is not the basis of my complaint in this matter.

The situation in St. Paul has been more or less investigated. A great many comments have been made upon it by various departments of the Government. First, I want to take up the grand jury investigation, of which there was a report made on March 7, 1928. The grand jury was directed by Judge Sanborn,

of the United States District Court for the District of Minnesota, to investigate the alleged fraud in connection with the particular commercial postal station in St. Paul. There had come to the attention of that court sufficient information to justify the court in directing the grand jury to pursue a course of investigation. The grand jury made a report to the judge of the court on March 7, 1928. I want to read just a paragraph. This may be repeating some of the valuable information given by the Senator from North Dakota [Mr. Nye], but it is taken from the report of the grand jury.

The county assessor found that the land upon which the station was located was of the value of \$150,000 and the building was of the valuation of \$300,000. The county assessor's report shows that in assessing these valuations he took into consideration the exorbitant rental demanded of the Government, so the county assessor gave ample leeway as to the valuation of the property. The grand jury found the value to be, of the land \$90,000, of the buildings \$150,000, of the fixtures \$50,000, or a total of \$290,000.

I learned from a former public official who knew about the situation, who had put much time and effort upon the question, who had diligently endeavored to protect our Government, that the party involved in the matter paid \$175,000 for the land. That might have been a fictitious value. We do not know. Whether the parties who sold the land to the individuals who were eventually interested in leasing the particular location of the Government were involved in the inception of the fraud, I do not know. I doubt whether anyone knows just to what extent we might trace the origin of the fraud which has been perpetrated in this case.

Those who leased the property made some investment in it. I will come to that very shortly. I want to read now what the grand jury said about it. I have before me its report rendered March 7, 1928, from which I quote:

We believe that it was only through fraud, misrepresentation, and corruption that the Government entered into the lease of April 8, 1922—

That was the first lease. There was a second lease entered into in 1925—

and more strongly do we think that there was misrepresentation, fraud, and corruption practiced to induce the Government to enter into the lease of March 11, 1925, since by that lease the Government surrendered its right to terminate the lease and get nothing of value in return therefor.

Further quoting:

We think the facts warrant the conclusion that fraud has been worked upon the Government and the public, and that in the various promotion schemes, past and prospective, connected with the property in question there has been gross misrepresentation as to value, and that the unconscionable rents agreed to be paid under the two said leases have been taken full advantage of to the detriment of the public. We believe that fraud, misrepresentation, and corruption entered into the transaction from its very inception, and strongly recommend that the attention of the United States Department of Justice be called to the matter in question with a request that a certain inquiry be made to the end that the lease of March 11, 1925, be canceled, the public be protected, and that those guilty of perpetrating fraud upon the Government and the public be prosecuted.

Now, the question has arisen whether or not an indictment was returned against anyone. The answer to that question is that there was no indictment returned against anyone. The grand jury found itself in practically the same situation as that in which I found myself—unable to get the assistance of the departments of the Government, who ought voluntarily and willingly to have submitted records and evidence to the grand jury. The grand jury could not go to Chicago. The grand jury could not go to Columbus, Ohio. The grand jury could not go to Cleveland, Ohio. The grand jury could not come to Washington, D. C. The grand jury could sit only in the district in which it was convened by the court. Yet the Post Office Department and the Department of Justice knew that a grand jury investigation was being had. Did either one of those departments volunteer a single bit of information to the grand jury? No! Both departments sat silently by. Is that diligence on the part of an arm of the Government in protecting the Government? No! It is nothing short of culpable negligence; culpable negligence against which, perhaps, an indictment can not be brought, but culpable negligence against the people of the United States.

Mr. GLENN. Mr. President—

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Illinois?

Mr. BLAINE. I yield.

Mr. GLENN. I am quite sure the Senator from Wisconsin desires to be correct in his statements as to the law. I am wondering upon what theory of law he bases the statement he makes



so emphatically that a Federal grand jury investigating this matter sitting at St. Paul had no authority to subpoena witnesses from other States?

Mr. BLAINE. My answer to the Senator is that a grand jury sitting at St. Paul can not go out and from the air obtain information. The grand jury were entitled to that information from the Post Office Department, and it should have been rendered voluntarily.

Mr. GLENN. Mr. President, will the Senator yield there?

Mr. BLAINE. Must the courts, must grand juries, must citizens fight in order to compel a department of the Government to do its duty?

Mr. GLENN. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Wisconsin yield further?

Mr. BLAINE. Whom could the grand jury subpoena? What information did it have upon which it could base a subpoena? The Senator does not need to be so concerned about this phase of the matter. He is quite familiar with the impossibilities of obtaining evidence when the parties involved want to suppress that evidence, and particularly when one of the parties is a department of the Government. I hope the Senator will not become so wrought up—

Mr. GLENN. If anyone is wrought up, I think it is the Senator from Wisconsin.

Mr. BLAINE. Because of my failure sooner to yield to the Senator. I now yield.

Mr. GLENN. I simply asked the Senator a question for the purpose of obtaining information; I did not ask for any denunciation or anything of that kind. I understand the Senator from Wisconsin to state emphatically a moment ago that the grand jury sitting in St. Paul, under the law, had no authority to cross the State line and go into other States and subpoena witnesses. I do not care to argue whether or not the transaction in question is fraudulent, but I do think in the CONGRESSIONAL RECORD, going out to all the country, the Senator from Wisconsin desires that the correct law of the situation be stated.

Mr. BLAINE. Mr. President—

Mr. GLENN. Just a moment. I understand the law to be that a Federal grand jury can subpoena witnesses from States other than that in which it sits. Is not that the law?

Mr. BLAINE. I appreciate that a Federal grand jury could have subpoenaed the Senator from Illinois; that it could have subpoenaed any party to the contract.

Mr. GLENN. But that is not what the Senator said a moment ago.

Mr. BLAINE. Up to March 7, 1928, I repeat, the Post Office Department did not give any assistance to the grand jury sitting in Minnesota. Shortly after that, permit me to advise the Senator from Illinois, the grand jury expired by operation of law; it had then no right to go anywhere or to subpoena any witnesses.

Mr. GLENN. Mr. President, will the Senator yield to me?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Illinois?

Mr. BLAINE. I yield.

Mr. GLENN. I desire to say to the Senator from Wisconsin that I have no more interest in this matter than has any other Senator, except that I have been asked by certain innocent holders of these bonds about this matter; and, further, the trustees for this bond issue are reputable people of Illinois. One is Gen. Abel Davis, who was a general in the late war, and I think I may truthfully say no citizen in Chicago stands any higher. The cotrustee is the Chicago Title & Trust Co., which is one of our leading financial institutions. That is my only interest in the matter at this time.

Mr. BLAINE. I should like to inquire if the Senator was on the floor when I opened my remarks?

Mr. GLENN. I was not present at the time the Senator opened his remarks.

Mr. BLAINE. Then, I seriously suggest to the Senator that it is not quite fair to a Senator who is endeavoring to state the facts in a case of this kind for a Senator to absent himself at a time when those facts are being stated and then take the time and the attention of the Senate to ask questions which have been answered earlier in the debate.

Mr. GLENN. I certainly shall not do so.

Mr. BLAINE. I know the Senator from Illinois is very much interested—he has said so—in the so-called “innocent bondholders”; but, Mr. President, permit me to repeat what I said. The time is not here, it is not now, to seek a defense of these corruptionists in the name of the bondholders.

Mr. GLENN. Let me say that I am not trying to defend corruptionists, either.

Mr. BLAINE. Let me say to the Senator that when those “innocent bondholders” meet with a loss, let them come to the Congress of the United States and obtain relief to which they will be entitled upon the ground of a moral obligation of the Government where its departments and its officials have been negligent in the administration of the laws of the Government to the detriment of private citizens.

Mr. GLENN. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Illinois?

Mr. BLAINE. I yield.

Mr. GLENN. Did the Senator from Wisconsin intend to convey the impression that the Senator from Illinois was engaged in defending or interested in defending corruption?

Mr. BLAINE. Mr. President, the Senator from Wisconsin made no such suggestion at all. I would not make such a suggestion respecting the Senator from Illinois; I have too much regard for him. I would not make such a suggestion with respect to any Senator, and I hope the Senator from Illinois does not have the idea that I would have suggested any such motive on the part of himself or any other Senator.

Mr. GLENN. I appreciate the Senator's statement.

Mr. BLAINE. And I trust that his question was not prompted by his entertaining any such opinion.

Mr. GLENN. I thank the Senator.

Mr. BLAINE. Mr. President, the grand jury went out of existence. One of the questions involved is whether or not the statute of limitations had run. It is difficult for me to ascertain just when the statute of limitations had expired or when it terminated the right to prosecute, because I do not have information as to when the last bonds were sold under the second lease. The statute of limitations, perhaps, did not under any circumstances operate until either the latter part of June or the 1st day of August, 1928, so far as I can learn from a report made by the Attorney General's department, a copy of which was sent me to-day, April 8, 1930.

Now, let us pursue some of these official records a little further. I have here a report made to the chief of investigation by certain post-office inspectors. This report was in the files of the Post Office Department on or about—note the date—October 2, 1923. The Postmaster General at that time, as I recall, was Mr. New. The report was made on October 2, 1923, and the presumption is that it was filed shortly after it was made, and probably on the same day. Now, let us see to what extent the Post Office Department was informed. In that report the inspector said:

Information so far obtained seems to indicate that the rent paid for the commercial station post-office building, St. Paul, Minn., is unreasonable, and that there was collusion connected with the purchase of the land, its selection as a site for the commercial station, and its lease to the Government at \$120,775 per annum.

The Post Office Department in 1923 had the information from its own agents that there was collusion connected with the purchase of the land, with the selection as site for the commercial station, and with its lease to the Government of the United States; the Post Office Department was put on notice not later than 1923, in the month of October; and yet the Post Office Department has done nothing to protect the Government it is presumed to serve. The Post Office Department had the report of the grand jury, and that report was conveyed to the Post Office Department on June 22, 1928. The Post Office Department, after the report from which I have read an excerpt was submitted, made the second lease. It was at that time in possession of knowledge of the fraud in connection with the land purchased, in connection with its selection as the site, and in connection with the amount of rental. It was put on notice by its own agents.

Mr. President, is there anything in the record of this Government that damns a department to any greater extent for negligence, if not criminal negligence, than executing a lease under such circumstances as the second lease was executed? The second lease was executed, as I have indicated, in 1925. Then was the time when the cancellation provision in the original lease was eliminated, and it was made noncancelable.

I want to say, Mr. President, that every record in this case, every fact in this case earmarks the Post Office Department with a knowledge of the fraud, with the knowledge of the corruption, if not actual participation therein.

Mr. NORRIS. Mr. President—

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Nebraska?

Mr. BLAINE. I yield.

Mr. NORRIS. I want to ask the Senator for information a question which has been asked me several times to-day since

this discussion has been under way. While I thought I knew the answer, it is very possible that I am mistaken as to what the law is. Is there a general statute requiring the Post Office Department, in leasing property for post-office purposes, to include in the lease a cancellation clause? Is there any general statute on that subject?

Mr. BLAINE. I have not gone into that question, because my attention was directed entirely to these points that were so patent that I did not consider other phases of the matter.

Mr. NORRIS. I should like to say to the Senator that I was under the impression that there was such a statute, but I have not looked it up with that particular question in view. It is quite material here, it seems to me, to know whether there is such a statute.

Mr. BLAINE. Mr. President, I want to pursue the course which I have mapped out for myself in this matter. I shall not discuss any technicality. I am going to put before the Senate the matters of record. The Senate then will have possession of the facts. I know they have been deeply buried; and those who deeply buried them knew how damaging they are—another earmark that gives this matter the character of fraud and corruption.

Mr. President, whenever a governmental department suppresses, withholds, buries records, the country knows that that is the method by which evidence of crime is buried.

Now, let us see what the Director of the Budget and the Comptroller General have to say on this subject.

I have here a memorandum made to the Comptroller General, and I desire to quote from that report. This report is on the commercial station, St. Paul; the Quincy Station, Chicago; Station D, Chicago; United States Parcel Post Station, Cleveland; United States Postal Service Station garage, Los Angeles; Arcade Station, Los Angeles. I will read only the part with reference to the St. Paul station. I quote from the report:

It was stated that before the lease for the property at St. Paul was finally executed, representations by St. Paul business men were made to the then Postmaster General relative to the unconscionable character of the lease proposed to be entered into. It is stated that the Postmaster General, after investigation, concluded that the matter had gone too far to stop the execution of the lease. The facts stated in these papers, page 39, report of December 12, indicate the necessity for exercising extreme care in handling these cases.

Mr. WHEELER. Mr. President, what year was that?

Mr. BLAINE. I do not know. The report does not give the year. I am reading verbatim. I have the date of the report. The date of the report is December 17, 1923. This is a memorandum to the Comptroller General by Mr. Smith, chief of investigations:

Under no circumstances, in my opinion, should the papers or statements contained therein be referred to the Post Office Department.

This report was in the files of the Post Office Department which I obtained under subpoena not against the Post Office Department but against a Member of the other House who had possession of that file, and who was threatened by the Attorney General's department that a secret-service agent of that department would take possession of those files. To protect that Member a subpoena was issued by a committee of the Senate, and we impounded these files; and this report was found in those files—the Post Office Department files. These files were accessible to the Department of Justice; in fact, they had been obtained by the Member of Congress from the Department of Justice, the Department of Justice having obtained the files from the Post Office Department. So there is no mistaking the fact that all of this information was in the hands of the Post Office Department and the Department of Justice.

Mr. WHEELER. Do I understand that the Department of Justice threatened a Member of Congress with taking these papers away from him?

Mr. BLAINE. They threatened to send one of their agents down to repossess these files. I do not know whether that could be called a threat or not; but they have inquired as to the purpose for which we were impounding these files, and by what right we were impounding them. Ah! Their anxiety to repossess these files is the anxiety of those who know they are in the wrong.

This report says:

Under no circumstances, in my opinion, should the papers or statements contained therein be referred to the Post Office Department, nor should any attempt be made, unless further facts develop, to institute criminal proceedings. The one recourse that appears available and should be followed as fully as possible is to interest one or more honest, impartial, and influential members of the Committee on Appropriations to make their own investigation in connection with the hearings on

appropriations, and endeavor, in connection with the passage of the appropriation acts, to fix the rentals of these—

Not only this one, but all those I mentioned—

the rentals of these and any other buildings which may be leased at a rate which will be reasonable as compared with the reasonable cost or value of the buildings concerned.

That is the Comptroller General's memorandum.

The leases entered into, so far as I have examined them, contain a provision which would give Congress the right to fix the rental. Before these leases are entered into the Bureau of the Budget apparently is requested to approve the project, but it seems to be evident that no adequate examination is made on the ground. If possible, there should be inserted in the appropriation acts—

This report was made in December, 1923—

a provision for an entirely independent investigation before a lease of the nature of those referred to is entered into.

That is the view taken of this matter and other matters in connection with these leases by the Comptroller General's office.

I have a report made by R. G. Griggs and Robert Lewis, post-office inspectors. That report was made, as I understand, June 29, 1928. There is something suspicious about this report. I have examined the several pages, and I find that many of these pages have been thumbled and thumbled a great deal, and the pages so thumbled are somewhat smeared from handling and the dust from the desks; but I find it significant that there are at least three pages in that report that bear the typewritten characters of a different typewriting machine than the pages to which I have referred as having been thumbled. That is significant because any careful examination of these files will convince any man that there has been a substitution; and these post-office inspectors, no doubt, toned down their report. But, even if it were toned down, even then the report is sufficient to bring about a condemnation of the administration of the law with respect to these leases.

9. The method of financing at the time of the renewal of the lease was unnecessary, unethical, and, in our opinion, improper, in that Jacob Kulp received great financial returns for practically no investment on his part.

I do not believe it was the report made by the inspectors. It is a report on general conclusions which indicates that some one higher up commanded a report that would excuse those who are higher up.

Moreover, Mr. President, the second lease never was submitted to an organization I think known as the Federal Real Estate Board. I am not certain that that is the exact name of that organization, but it is a public organization. The Senator from Minnesota [Mr. SHIPSTEAD] informs me that it was formed under the Budget. This lease never was submitted to that board.

Mr. SHIPSTEAD. Mr. President, I believe the record will show—at least, that is my information—that the second lease never was presented to Mr. McCarl, the Comptroller General, for his approval. The second lease should have been submitted to the Comptroller General for his approval; and my information is that it was not so submitted.

Mr. BLAINE. Mr. President, I have information on that subject. It is a question in my mind whether or not I am justified in giving the Senate that information.

My own conscience compels me to do it, since the Senator has made the suggestion. A certain influential politician in this country came to Washington, who, it is claimed—and I think the reports will justify what I am about to say—informed the Postmaster General that he had gone to General McCarl and obtained his approval. If he went to General McCarl and obtained his approval, there is no such approval on record, either in the Post Office Department or in the Comptroller General's department. Moreover, that is not the way General McCarl operates. I doubt if there is a Member of Congress, I know there is no member of a single administrative department of this Government, who can go to General McCarl and obtain from him an approval over the teacup or the lunch board, or by any back-door methods. My own opinion is that General McCarl does not do business in that way, and did not do business in that way in this particular case.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. NORRIS. I want to say to the Senator that there is not a Member of this body who has known Mr. McCarl as long as I have. He grew up in my home town. I brought him to Washington as my private secretary. He was with me before I came to the Senate, while I was still in the House of Representatives. I concur in what the Senator has said. It would



require positive proof to cause me to think for a moment that Mr. McCarl would be guilty of any dishonorable act.

Mr. FESS. Mr. President, if the Senator will yield, I want to make the same statement with reference to Mr. McCarl. He was my secretary for six years, I having taken him from the office of the Senator from Nebraska. He was acting as secretary to the congressional committee while I was the chairman, for six years, and continued as such until he was made Comptroller General under the law which was enacted. My opinion is that these matters are not presented to General McCarl before they are put in operation; I think they come to him for adjustment when any payment is to be made. But any suggestion from any source that anyone could get some special favor from General McCarl that is not within the limits of the law, I resent, because he is not that sort of a man.

Mr. BLAINE. Mr. President, permit me to suggest at this point that the information I gave, I want to advise the Senate, is hearsay. It is made, however, by a gentleman who claims to know the facts, who was an official of this Government, who was a diligent official, diligent in the performance of his duty in connection with this very lease.

The person, however, who, it is understood, had gone to General McCarl, informed the Postmaster General that he had gone to General McCarl. That individual is now deceased—we can not call him—but I think, independent of that, the information which I have given the Senate is correct, and representation was made to the Postmaster General that General McCarl had approved of it. As I recall the information as it came to me, the Postmaster General said that he would not undertake this proposition until it was approved by General McCarl.

Mr. NORRIS. Mr. President, I am not trying to cast any reflection on the Senator's information. As I understand it, as far as Mr. McCarl is concerned, the Senator and I are in complete accord.

Mr. BLAINE. Absolutely.

Mr. NORRIS. The Senator is not trying to cast any reflection on Mr. McCarl.

Mr. BLAINE. Indeed not. I understand that General McCarl said that he did not do official business over the teacup, when this matter was discussed with him, and that he did not have any conversation with anyone about it, and I accept General McCarl's statement as the truth. In fact, I have no doubt about it.

Mr. SHIPSTEAD. Mr. President, there might be some misunderstanding, in view of the fact that Mr. McCarl's name has been brought into this discussion. I brought it into the discussion for the purpose of making this statement, that the records did not show that he had approved the lease, as had been claimed. There is nothing in the record to show that Mr. McCarl had approved this lease at any time.

Mr. BLAINE. Mr. President, I am entirely willing to disregard that situation and take the record as we have it, I mean the official record, not the statement of any former official. I am not referring now to General McCarl, but I am referring to official evidence filed with the Post Office Department.

I want to read what the post-office inspector said about this property in this very report of June 29.

The financing of the second lease:

Amount of bond issue, first mortgage-----	\$850,000.00
Second mortgage-----	300,000.00
Total-----	1,150,000.00

Disposition of the proceeds:

Outstanding bonds called-----	\$665,000.00
Premium on bonds called-----	12,400.00
Interest due on bonds called-----	31,972.55
Paid Loeb, Cowing & Investors' Co. for property interests-----	179,000.00
Commissions, expenses, and legal fees-----	183,401.50
Taxes paid-----	12,225.84
Balance-----	66,002.11

Making a total of----- 1,150,000.00

Further quoting from the report:

Jacob Kulp received a commission of \$90,000.

The Post Office Department has had this information. I am now quoting from their files.

Jacob Kulp received a commission of \$90,000, or 30 per cent, on underwriting the \$300,000 second-mortgage bond issue. P. W. Chapman & Co. received \$68,000, or 8 per cent, on the underwriting of the issue of first-mortgage bonds.

Attorneys' fees were \$21,000, of which Attorney Good received \$10,000.

The \$66,002.11 balance is still in the possession of the Commercial Station Post Office (Inc.). That is not all the information the Post Office Department has. I want to read further.

Mr. SHIPSTEAD. Does the Senator mean they had this information before they made the second lease?

Mr. BLAINE. Not before they made the second lease, no; not the information I have just read. At some time they had the essential information, certainly.

Mr. SHIPSTEAD. When?

Mr. BLAINE. They have had it from the beginning of this operation; at least from December, 1923. They began with the first-mortgage bonds; what was the amount, \$750,000?

Mr. SHIPSTEAD. Yes; \$750,000.

Mr. BLAINE. They knew all about that.

Mr. SHIPSTEAD. What I want made clear is, was this information in the hands of the Post Office Department when it made the second lease?

Mr. BLAINE. Not this report.

Mr. SHIPSTEAD. What date does that report bear?

Mr. BLAINE. June 29, 1928, this report was in the department's possession, but largely the essential information contained in the report was within the knowledge of the Postmaster General or his assistants.

Mr. WHEELER. Mr. President, the Senator said a moment ago, as I understood him, and the Senator from North Dakota this morning made the statement, that a prominent lawyer and politician had been down here to get this lease changed. I think it is only fair to the Senate that we should have the name of that prominent lawyer and politician who came down here and influenced the department in getting this lease through in this shape.

Mr. BLAINE. The report to the Post Office Department by Messrs. Griggs and Lewis states that attorney's fees were over \$21,000, of which Attorney Good received \$10,000.

Mr. WHEELER. That is the former Secretary of War, Mr. Good?

Mr. BLAINE. I am just quoting what the report says. Of course the Post Office Department had a great deal of this information before the second lease was made. I have read excerpts from the report made in 1923.

Mr. SHIPSTEAD. At any rate, they must have had enough information when they made the second lease to convince them that they were dealing with crooks, and they dealt with them again?

Mr. BLAINE. The Post Office Department had full information on the essential facts when it made the second lease. There is no question about that. I do not believe the Post Office Department would deny it.

I might suggest that on October 2, 1923, they had the information as to the valuation of this land as made by the assessors. This was in 1923. The second lease was made in 1925. They had the information that the ground had been assessed at \$150,000, the building at \$300,000. They had the information that the outstanding bonds amounted to \$750,000, issued on the commercial station, United States post-office building. That is all in the report of 1923. They had the information as to what they assumed was to be the value. I will read a part of that report.

Finally the assessor continued—

This assessor is reporting to post-office inspectors, who filed a report to the Post Office Department on or about October 2, 1923.

For the land-----	\$150,000
For the building-----	300,000
For the fixtures-----	48,000

A total of----- 498,000

He said—

That is, the assessor said—

the land cost the present owners \$175,000 or \$180,000, which latter figure included the cost of wrecking a building.

So that the Post Office Department had the information as to what this land was worth and what the building was worth.

Mr. President, the Post Office Department has had some more information. Before I read that, however, I want to take up what the Budget said about this matter. On March 17, 1930, in a letter addressed to a Member of the House of Representatives by the Director of the Budget, speaking of the particular property in question, the St. Paul station, he said:

Had the Postmaster General requested in his estimate for the fiscal year 1931 language forbidding in specific terms that any part of the appropriation for post-office rentals should be used in the payment of rents for commercial stations, I would have recommended its inclusion in the Budget for that year. Moreover, if the order of the court giving the United States possession of the property under condemnation proceedings had been made prior to the date the Budget for 1931 was

transmitted to Congress as required by law, namely, December 2, 1928, I have every reason to assume that the Postmaster General would not have made provision for the rents in its estimates. If he had, and had this bureau been advised of all the facts in the case as they now exist, I would have brought the matter to the attention of the Postmaster General for the purpose of effecting a corresponding reduction in the estimates and would have raised the question of the desirability of inserting in the text of the estimate a specific provision that no part of the funds should be used for the payment of rents for the property in question.

So the Director of the Budget recognized the impropriety of including any sum for the payment of rental in this fraudulent transaction. There are more of these official records.

Mr. President, I am informed from the most reliable sources that the man Kulp only a few years ago was a very poor man. I am informed that to-day, through the benefactions of delinquent Postmasters General, he has amassed a fortune, and all at the expense of the taxpayers of the United States. Even in the days when the President of the United States is making a plea to Congress to keep down appropriations the committee recommends that we do not withhold money which is in the nature of graft.

Mr. PHIPPS. Mr. President—

The PRESIDING OFFICER (Mr. GEORGE in the chair). Does the Senator from Wisconsin yield to the Senator from Colorado?

Mr. BLAINE. I yield.

Mr. PHIPPS. The remark the Senator from Wisconsin has just made is difficult to credit. Certainly the committee is not recommending anything of that sort whatever. The committee is not recommending any payment for rental of the St. Paul commercial station post office. That has been definitely stated here several times.

Mr. BLAINE. I have eyes, and can see; I have read, and I can understand. I say, Mr. President, that there are two ways of doing a thing of this sort. One way is frankly and squarely to say, "Not one single red cent shall be paid upon this lease conceived in fraud." The other way, of course, is to say exactly what the Senator from Colorado has just said.

Mr. PHIPPS. The committee is following the advice and the recommendation not only of the Post Office Department but of the Attorney General of the United States. The whole matter goes to conference, but that is immaterial. The House put the language into the bill. The Senate committee by majority vote did not accept it. We have reported an amendment to strike it out, and it is up for debate and for decision of the Senate. The pending question is, Shall the action of the committee in rejecting the House provision be sustained or shall the Senate committee amendment be adopted? It is for the Senate to decide by vote. I do not think the Senator really meant to intimate that the Senate Committee on Post Offices and Post Roads is favoring the payment of rentals on this building or any rental on any building that it did not feel could be justified.

Mr. BLAINE. I thank the Senator from Colorado for the very elucidating statement in connection with the status of the amendment now before the Senate. I rather resent, however, his imputation that I am so dumb as not to know that status before he made his statement. It is so clear that that is the situation that I ought to advise the Senator that almost anyone could understand the status of the amendment is just what the Senator said.

But that does not have anything to do with the lease which was conceived in fraud. The committee amendment leaves the matter open, so that the fraud may be condoned and perpetuated. There is nothing from the committee, and the Senator from Colorado has not said anything that suggests that this matter shall go no further. The committee leaves it wholly within the power of the administrative department of the Government which has been negligent and derelict in its duty to pay \$120,000 annual rental.

Oh, the Senator may say, "We have proposed to reduce the appropriation \$60,000 for the fiscal year so the department can only pay one-half of that amount." Let me say to the Senator that the administration of this fund is in the hands of the Postmaster General and he can pay the whole \$120,000 out of the \$18,000,000 appropriation.

Mr. PHIPPS. The Senator may not have heard my statement this morning. The Post Office Department is on record that it will not in any event use any of the money appropriated this year for the payment of rentals for the commercial station post office at St. Paul.

Mr. BLAINE. I heard the statement.

Mr. PHIPPS. Then why should the Senator try to intimate that the committee is trying in a covert way to put the Post Office Department in a position to make payment of the rental,

when that is not the case whatever? The situation has been fairly and plainly stated. The case involving the lease is pending in the court for decision. The Post Office Department has not paid 1 cent of rental on the building in question since March, 1928, which payment then was for the February rent.

Mr. BLAINE. Of course, the Senator knows that a statement made by a public official is not the law. It has no force. It has no effect. The present Postmaster General may pass away or retire and another Postmaster General come in his place. Why is Congress going to leave to the Post Office Department the determination of this question when since 1923 the Post Office Department has been paying this rent regularly up to the time stated by the Senator from Colorado? Five years' payment has been made on a lease which is, in my opinion, admittedly a fraudulent lease and ought to be canceled, and yet the Senator from Colorado pleads to leave the matter to the same department to determine further. It does not seem to me that such a course is justifiable.

Mr. PHIPPS. The Senator can put his own interpretation on my remarks, but he should not put statements in the RECORD which he knows are incorrect. I have stated plainly that the case is in the court for determination. The Post Office Department is on record that it will not use any of this money to pay rental on the building in question, and it has not been paying rental on it for several years. I am not speaking for myself alone. I have said to the Senator that a majority of the committee took the view of this matter, in which I concurred, that it is not the province of the Senate to do anything that might influence the decision of the question when the case comes before the court for determination. The Senator can make any remarks he chooses. He can put his own interpretation upon my statement. I do not care to interrupt any further.

Mr. BLAINE. I am very happy to be interrupted, but I am sure the Senator will not say that the Postmaster General has not been paying this rent all the time up to 1928. Am I putting a misinterpretation upon the Senator's remarks when I make that declaration of fact?

Mr. OVERMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from North Carolina?

Mr. BLAINE. I yield.

Mr. OVERMAN. I want to say that I was one of the minority of the committee that voted against the majority on this matter. However, every member of the committee without exception believes that this was a fraudulent contract and that there has been corruption and theft.

The attorney for the bondholders came before our committee and impressed some of the members that we ought not to take any action which might prejudice his case in court. That did not have any effect upon me, but it did upon some members of the committee who now argue that way. The members of the committee were unanimous in the opinion that this was a fraudulent contract. The Postmaster General came before us and told us he intended to pay no more money for rental of this property. Some members of the committee were moved by that statement, but it did not move me.

Mr. BLAINE. Mr. President, I appreciate the statement made by the able Senator from North Carolina. His viewpoint of the matter indicates very clearly that he does not propose to surrender the duty and obligation of the Senate or of the Congress.

At the opening of my remarks I pointed out that, in the case before the Court of Claims, in the counter claim filed by the Government there is no prayer or demand for a cancellation of the lease. There has been no effort made by the Attorney General's office to bring an action to declare null and void the lease in question or to ask for the cancellation of the lease. The Court of Claims can only fix the amount of rental that the Government should justly pay. I doubt very much if under the pleadings in the case the Court of Claims is going to fix a lower rental when the Government does not make the claim that the lease is fraudulent and should be canceled.

Think of the peculiar situation in which the court is going to be placed. Here is a litigant claiming that a lease is fraudulent, and asking not only for a reduction of the rent but a continuation of the fraudulent lease. Is that counterclaim made in good faith under those circumstances? Is it a bona fide counterclaim? Does the Department of Justice intend to pursue that litigation through to the end and have the lease terminated? The only answer that can be made is that it does not, if we may judge its future course of conduct by its past actions.

Should the Senate appropriate a sufficient amount of money to the Postmaster General to enable him to pay any portion of this lease in the face of the official records which I have laid before the Senate?

Mr. President, heaped upon all this official record is another record, which I wish to read. In addition to these facts there



has entered into this case an attempt at bribery. Responsible officers of this Government have been approached by improper means. I have here taken from the post office files a letter dated June 6, 1928, addressed to R. S. Griggs and Robert Lewis, post-office inspectors, Washington, D. C.:

MY DEAR SIRS—

This letter was written by C. H. Clarahan, inspector in charge, an official of the Post Office Department, reporting to the post-office inspectors. I will quote from his letter:

This morning I received your letter of the 15th instant, stating it is your understanding that I informed Mr. John K. Fesler, assistant United States attorney at St. Paul, Minn., that Jacob Kulp had told me that if I made a favorable report on commercial station, St. Paul, Minn., he would see to it that I was promoted. The facts are as follows:

After R. B. Mundelle, late inspector in charge, and I had completed our investigation and had gone to Washington with our report we were in consultation about commercial station with Mr. Spilman and Mr. Jacob Kulp in a room adjoining that used by the superintendent of the post office service. In some way Mr. Spilman left the room and Mr. Kulp and I were left alone.

Mr. Spilman was one of the officials of the Post Office Department. I do not know just what position he held. However, he left the room, according to this letter.

Kulp asked me about my rank, and then told me that he had considerable influence, and he was going to see to it that I was promoted to inspector in charge. I had never met Mr. Kulp before, and he could have no legitimate reason for favoring any promotion for me. His manner and the circumstances surrounding it were such that I immediately understood he was trying to influence me to make a favorable report on his proposition. I told him I did not want him to do anything whatever toward securing any advancement for me, and as soon as the interview with him and Mr. Spilman was ended I went at once to Mr. Rush D. Simmons, then chief inspector, and told him of the occurrence and that I did not want him to pay any attention to anything Kulp or any of his friends might say to him in my behalf.

The report to Mr. Simmons was made verbally. I can not fix the date except to say that it must have been within two weeks or 10 days after the date of the report submitted by Inspector Mundelle and myself.

Sincerely yours,

C. H. CLARAHAN,  
Inspector in Charge.

So the Post Office Department was informed of that attempt in the nature of a bribe on June 16, 1928.

Mr. President, at some place hidden away is the report that Mr. Mundelle and Mr. Clarahan made on the St. Paul commercial station. That report is not in existence so far as anyone except the Post Office Department knows; that report is not among the files which the Post Office Department turned over to the Attorney General's department in connection with this substation.

Mr. OVERMAN. Mr. President, will the Senator from Wisconsin tell us who is Mr. Kulp, who seems to have so much influence in Washington and who seems to have obtained a "rake-off" of ninety-odd thousand dollars without doing anything but manipulate and attempt to bribe a Government official? Who is he?

Mr. BLAINE. I do not know who he is; but he has his hand in somewhere on many leases.

As I have said, the report which was submitted by Mr. Clarahan and Mr. Mundelle on this same proposition was not in the files of the Post Office Department in this case when it was turned over to the Attorney General's department, I am informed, and I know it is not in the files as turned over by the Attorney General's department to Representative MAAS, of the State of Minnesota, and, in turn, delivered to a committee of the Senate.

Mr. President, it is a strange thing that the report made by Mr. Mundelle and Mr. Clarahan, which no doubt was unfavorable to Mr. Kulp, and which, no doubt, by implication reflected upon the Post Office Department, is not in existence. To modify that report, Mr. Kulp was willing to use whatever influence he had to promote Mr. Clarahan if Mr. Clarahan would make a favorable report. The absence of that report is a fact that points to the connection of the Post Office Department with Mr. Kulp in these frauds.

Now, for a brief time, I wish to outline the scheme that has been carried out under the administrations of Mr. New, Mr. Hays, and Mr. Brown as Postmasters General. Let us see how the plan operated. As I have said, in cities of over 50,000 population there have been about 1,200 such leases. Mr. Kulp has been prominent in obtaining such leases.

When the Post Office Department undertakes to make leases of this kind it has what is known as a list of firms interested in submitting proposals for large post offices and stations. I have in my hand a copy of such a list on which, I think, there are some 25 or 26 firms, among them the firm of Mr. Kulp—Jacob Kulp & Co. According to information, under the signature of Mr. Kulp himself, he has 27 of the important stations scattered from the Pacific coast down to Dallas, Tex., Columbus, Ohio, and Grand Rapids, Mich.

Mr. NYE. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from North Dakota?

Mr. BLAINE. I yield.

Mr. NYE. Does the Senator know whether or not any of those proposals were advertised or bids called for upon them?

Mr. BLAINE. I have not been able to get that information.

Mr. NYE. They probably have not been advertised and bids have probably not been called for.

Mr. BLAINE. That is probably true. The plan is operated in this way: A small group of bidders organize a finance corporation or a building corporation or some other organization which can issue bonds upon the property which the United States Government is to lease. In financing this is the method: The promoters inflate the land value and they inflate the building value two or three times the actual value of the property. Then bonds are issued equal to that inflated value; in the case of St. Paul to the extent of \$1,150,000. Then, by some arrangement with the Post Office Department, the rentals are fixed upon the basis of the inflated value on which bonds have been issued. In other words, it appears that the Post Office Department first ascertains how much the inflated value is, so that unconscionable commissions are paid, unconscionable attorney fees are paid, and graft may be paid, and when all of those figures mount up to just "what the traffic will bear" and what these gentlemen believe they ought to have, either in the form of graft or in unconscionable profits, then the Government fixes the rental upon all of those inflated values and the people of the United States are called upon to contribute taxes so that money may be paid to these men who have an organized "plunderbund"; and the Post Office Department makes no pretense whatever of ferreting out the facts or ascertaining what the actual values are and then fixing a rental based upon a reasonable return on the actual investment.

Mr. President, when a department of the Government permits these men to defraud the Government in that way, I submit there is justification for a belief, and a conscientious belief, that somebody is making money out of this—somebody in the service of the Government.

How do they finance these things? I quote from their own brief on this particular station—and what is said here applies to all of them:

An issue of \$850,000 Commercial Station Post Office (Inc.) first-mortgage 6 per cent sinking-fund gold bonds, etc., was sold by a syndicate composed of more than 60 investment bankers.

The combination that obtained leases from the Government for these substations sells bonds through some 60 investment bankers. Mr. President, if the Senate adopts the resolution which I submitted this morning, no doubt some of those bonds will be traced to the Toledo Trust Co., in which, I am informed, the Postmaster General is or was a director.

Mr. PHIPPS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Colorado?

Mr. BLAINE. I do.

Mr. PHIPPS. I desire to say that I have had an opportunity to look over the resolution presented this morning by the Senator. I am glad he has submitted it, and I hope investigations can be made, and thoroughly, along the lines indicated.

I desire to ask the Senator if he would be willing to have the resolution referred first to the Committee on Post Offices and Post Roads, with the assurance that it would be given immediate consideration? It relates to post-office affairs, as the Senator is aware, and it was sent up by him without any reference being indicated.

Mr. BLAINE. Probably when the resolution comes up we can discuss that matter.

Mr. FESS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Ohio?

Mr. BLAINE. I yield.

Mr. FESS. I noticed from the reading of the resolution that it would have to go to the Committee to Audit and Control the Contingent Expenses of the Senate before it could be operative; and in order to have that done it ought to go to the standing committee for action.



Mr. PHIPPS. It seemed to me that a proper reference would be the Committee on Post Offices and Post Roads.

Mr. FESS. Yes; it would.

Mr. BLAINE. Mr. President, it is quite immaterial to me where the resolution goes, if we can have it reported out very quickly and the investigation started.

Mr. PHIPPS. I assure the Senator that if the resolution goes to the Committee on Post Offices and Post Roads it will have immediate attention.

Mr. BLAINE. I thank the Senator for that statement.

Mr. PHIPPS. With that understanding, shall it be so referred?

Mr. BLAINE. I should prefer not to engage in referring the resolution now. I desire to pursue this matter.

Mr. President, these ramifications will be found going to the First National Bank, of Williamsport, Pa. I mention these two banks, not to criticize them as banking institutions but because I am trying to outline how these post-office substations are financed. The bonds are sold, as indicated, by those who are interested in procuring these leases from the Government, through about 60 investment bankers. I happen to have in my possession a copy of a letter to a United States Senator from a bank. I will withhold the name of the Senator, and I will withhold the name of the bank presently:

I am informed that an effort is being made by Congressman MAAS, of St. Paul, Minn., to have the Government upset post-office leases. Inasmuch as there are a very large number of such leases scattered throughout the United States, having various length expiration dates, and upon which there has been sold to the public a total of something like \$150,000,000 of securities, it would occur to me that it would pay you to look into this situation, and not permit any hasty action to precipitate what might become an unfortunate situation for the country.

Mr. President, I think it is entirely fair to draw this conclusion from the records in the Post Office Department, the Budget Bureau, the Office of the Comptroller General, and the Attorney General's department—that not only in this case, but no doubt in a multitude of other similar cases, the Post Office Department has been derelict in its duty and negligent toward the Government which the Postmaster General should serve, and has been conducting the business of the Post Office Department with full knowledge that these frauds have been perpetrated, that the Government of the United States must suffer, and that the taxpayers must be burdened. So, Mr. President, I do not believe it becomes any one to suggest that innocent bondholders are the ones primarily concerned in this matter.

As I said at the opening of my remarks, when the time comes, if it does come, that any of the innocent bondholders in any of these financial schemes shall suffer because of the neglect of a Government official, because of the dereliction of a Government official, those bondholders have a perfect right to come to the Congress of the United States and ask to be reimbursed for their losses. In such a case a moral obligation, no doubt, would devolve upon the Government of the United States; but now is not the time to consider that matter. That time may come; but now is the time to put our stamp of disapproval upon these fraudulent transactions, and the dereliction and the negligence of the Post Office Department and the Postmaster General.

#### PROHIBITION ENFORCEMENT

Mr. TYDINGS. Mr. President, yesterday the Senator from Iowa [Mr. BROOKHART] entertained the country and the Senate with some observations upon the charts which I prepared and which I used in reference to the remarks on national prohibition I made a few days ago. I had 19 charts on the wall, but the Senator requested me to leave only 3; so I take it for granted that the other 16 had no inaccuracies in them.

However, referring to all those charts, reading from the Senator's address—which I will quote later—he says these charts were prepared by the Association Opposed to Prohibition. To show you how empty, imaginary, and unfounded are his remarks on this whole subject, let me tell the Senate that those charts were prepared in Washington at my instance. They were all laid out on the boards by myself, and I had two painters paint them in. The information upon which those charts were based was secured from governmental departments, and the Association Opposed to Prohibition furnished neither the information nor the charts.

The Census Bureau furnished the information on the deaths from alcoholism which stands over there.

The chart at the far corner is made from the health statistics shown in the World Almanac.

This one on savings banks I wrote to Mr. Mellon about, and he sent me a report of the American Bankers' Association containing the information requested, which was transmitted by Mr. Ogden Mills.

The arrests for drunkenness of minors in Washington, D. C., I obtained from the chief of police of this city, in response to a letter to him.

The reports on deaths from cirrhosis of the liver I obtained from the Census Bureau.

Arrests of drunken drivers on the public roads were obtained from the commissioners of motor vehicles in the States shown on the chart, and from them I received the information the chart contains.

The figures on the grape crop in the United States were taken from a book published by the University of California.

The figures on the hop crop I received from the Secretary of Commerce.

The crime statistics were taken from the United States grand jury reports and reports of United States district attorneys.

The figures on the consumption of liquor, and the amount which was diverted from legal to illegal uses, I obtained from Doctor Doran's testimony before the Senate committees.

The penitentiary records and the increase in the Federal judiciary I obtained from the Attorney General of the United States.

Thus we see, in spite of the fact that all these statistics were not my statistics, not "dry" statistics nor "wet" statistics, but figures furnished by the various departments of the Government of the United States, how absolutely unfounded, imaginary, and wild are the statements of the Senator from Iowa. That is characteristic of all the observations which that Senator made at the time these charts were presented. He said he was going to shoot these tables full of holes. As I look on them now I do not see a hole in any of them, either on the wall or in his remarks. The only hole I see is at the beginning of his remarks, where a large circle starts to be inscribed, and it winds up at the same place where it started; and the sum total is a cipher, so far as contradicting by facts any of the statements presented in the tables which I offered the other day.

Here is a sample of some of the observations which the Senator made:

Those charts were largely the same charts that had been sent to me, and I presume to all other Senators, by the Association Against Prohibition.

I quote from the Senator's remarks later:

I wish now to refer to the charts presented by the Senator from Maryland. They are exhibited as the supreme and final effort of fairness and of accuracy. I have had two or three of them retained on the walls so that this system of charts which has been put out by the Association Against Prohibition could be analyzed.

At some little trouble I obtained all the charts of the Association Opposed to Prohibition, and I find that most of the colored charts which appeared here on the walls of the Senate have never been reproduced by them at all.

Again I refer to the Senator's remarks:

Then he draws a line through the chart—no; the Senator from Maryland did not do that, but the Association Against Prohibition did that; he simply echoed their analysis of the situation.

As I stated before, it seems so futile to rise and contradict or attempt to controvert the statements of a man who would willfully rise on the floor of the Senate and, out of his own very vivid imagination, make such a statement as that. There is not the slightest foundation for it, and it is either a deliberate or a wanton misstatement of the truth.

Further on the Senator said:

I have met these old tricks before; I have seen them in the calculation of railroad rates—

And so on. The Senator did not say what the tricks were, but that is also typical of his reply.

Again I refer to the remarks of the Senator from Iowa:

Mr. President, the Senator from Maryland presented us numerous charts. He presented some comparisons with other countries, but not enough to amount to anything.

All the statistics which I presented from other countries came from the Bureau of Statistics, in Canada, and in Great Britain. As against that the Senator makes numerous comparisons from his own charts, which he carefully neglects to insert in the Record.

Thus we see that not alone is our distinguished colleague a Senator from Iowa, but when it comes to these statistics we see Director of the Census BROOKHART, we see Chief of Police BROOKHART, we see Secretary of the Treasury BROOKHART, we see Attorney General BROOKHART, we see Secretary of Agriculture BROOKHART. In fact, his opinions, unsubstantiated as they are by any facts at all, embrace every department in the Government, and, of course, make the departments' reports



worthless. Truly he is a really remarkable man, and I feel that further comment upon his so-called hole-shooting in these charts is unnecessary. The Senator has made a complete hole out of his utterances.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed the bill (S. 3448) to amend the act of February 21, 1929, entitled "An act to authorize the purchase by the Secretary of Commerce of a site, and the construction and equipment of a building thereon, for use as a constant frequency monitoring radio station, and for other purposes."

#### MONITORING RADIO STATION

Mr. VANDENBERG. The bill (H. R. 9483) to amend the act of February 21, 1929, entitled "An act to authorize the purchase by the Secretary of Commerce of a site and the construction and equipment of a building thereon for use as a constant frequency monitoring radio station, and for other purposes," is on the Secretary's desk. It is the same as the bill (S. 3448) to amend the act of February 21, 1929, entitled "An act to authorize the purchase by the Secretary of Commerce of a site and the construction and equipment of a building thereon for use as a constant frequency monitoring radio station, and for other purposes," which has already passed the Senate and which also passed the House to-day. Therefore I ask that House bill 9483 be indefinitely postponed.

The VICE PRESIDENT. Without objection, it is so ordered.

#### APPROPRIATIONS FOR TREASURY AND POST OFFICE DEPARTMENTS

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 8531) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1931, and for other purposes.

Mr. McNARY. Mr. President, I desire to have a short executive session. However, I shall not move that the Senate go into executive session if the Senator from Colorado is able to obtain an immediate vote.

Mr. PHIPPS. I believe we are ready for a vote on the pending question.

The VICE PRESIDENT. The question is on agreeing to the committee amendment.

Mr. McKELLAR. Let us have the yeas and nays.

Mr. JOHNSON. We had better have a quorum called.

Mr. BLAINE. I suggest the absence of a quorum.

Mr. McNARY. Mr. President, will the Senator withhold the demand?

The VICE PRESIDENT. The Senator from Oregon has not yielded the floor.

Mr. McNARY. Inasmuch as it develops that there will be a roll call and the suggestion of the absence of a quorum, would the Senator from Colorado be willing to let the matter go over until to-morrow?

Mr. PHIPPS. I am willing that it shall go over.

#### EXECUTIVE SESSION

Mr. McNARY. I move that the Senate proceed to the consideration of executive business in open session.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The VICE PRESIDENT. Reports of committees are in order. If there are no reports of committees, the calendar is in order.

#### DISTRICT OF COLUMBIA

The Chief Clerk read the nominations of Luther H. Reichelderfer and Herbert B. Crosby to be Commissioners of the District of Columbia.

Mr. VANDENBERG. I ask that those nominations may go over.

The VICE PRESIDENT. The nominations will be passed over.

#### THE JUDICIARY

The Chief Clerk read the name of George Cosgrave to be United States district judge, southern district of California.

The VICE PRESIDENT. Without objection, the nomination is confirmed, and the President will be notified.

The Chief Clerk read the name of Frank Lee to be United States attorney, eastern district of Oklahoma.

The VICE PRESIDENT. Without objection, the nomination is confirmed, and the President will be notified.

The Chief Clerk read the name of Roy C. Fox to be United States attorney, eastern district of Washington.

The VICE PRESIDENT. Without objection, the nomination is confirmed, and the President will be notified.

#### W. J. CARTER

Mr. McKELLAR. Mr. President, I want to ask the chairman of the Committee on the Judiciary about the nomination of Mr. W. J. Carter to be United States attorney for the eastern district of Tennessee. I believe the nomination has been referred to a subcommittee, and that the subcommittee has reported favorably. Would it be possible, under those circumstances, to have him confirmed? The reason for my suggestion is that the present district attorney has been appointed to another office and has accepted it, and that leaves the eastern district of Tennessee without a district attorney.

Mr. NORRIS. Mr. President, I would like to accommodate the Senator from Tennessee, but my understanding is that this appointee is really in charge of the office now.

Mr. McKELLAR. He is an assistant district attorney.

Mr. NORRIS. I think he can go right on with the duties of the office, and no injury will be done to the service.

I will say to the Senator from Tennessee that under the rules of the Committee on the Judiciary we do not always refer nominations of marshals or attorneys to subcommittees. That is not necessary unless a protest is filed against an appointment. If a protest is filed, then under the rules of the committee, unless it is something urgent which the committee desires to take up, the ordinary procedure is to refer the nomination to a subcommittee.

In this case the papers, as they came before me like a docket, when the committee was in session, indicated, and stated, in fact, that a protest was filed against the confirmation. I did not examine the protest, and ordinarily do not, unless some one calls my attention to it, but under the rules of the committee I proceeded to appoint a subcommittee.

Later, after the full committee had adjourned, my attention was called to the nature of the protest. It was anonymous, and to such protests the committee pays no attention ordinarily. If the nature of the protest had been called to my attention at the time I would have laid it before the committee and undoubtedly we would have acted, and there is no reason why we would not have made a favorable report. But inasmuch as the case was referred to a subcommittee and the committee adjourned, the subcommittee has the matter in charge, and the only thing the subcommittee could do would be to report to the full committee. I have called a special meeting of the committee for Friday.

I will say to the Senator that inasmuch as this man is an assistant district attorney, really in charge of the office now, I would not like to violate the rule of the committee, at least without the committee directing me to do so. Therefore I feel constrained to say to the Senator from Tennessee that it seems to me that under the circumstances I would not be justified in taking the step he suggests. There is no protest of any validity against this man as far as I know. As I have said, the protest is not signed by any person's name, and it is unworthy of consideration for that reason.

Mr. McKELLAR. Mr. President, I thank the Senator for his explanation, and we will just let the nomination go over until Friday.

#### COAST GUARD

The Chief Clerk proceeded to read sundry nominations for appointments in the Coast Guard.

The VICE PRESIDENT. Without objection, the nominations are confirmed, and the President will be notified.

#### PUBLIC HEALTH SERVICE

The Chief Clerk proceeded to read sundry nominations for appointments in the Public Health Service.

The VICE PRESIDENT. Without objection, the nominations are confirmed, and the President will be notified.

#### POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc and the President notified.

The VICE PRESIDENT. Without objection, the nominations are confirmed, and the President will be notified.

#### COMMISSIONERS OF THE DISTRICT OF COLUMBIA

Mr. VANDENBERG. Mr. President, when the nominations for Commissioners of the District of Columbia were reached I asked that they go over for the day. That was pursuant to an understanding between those who favor and those who oppose confirmation of the nominations, with the expectation and the hope that we will continue in executive session at 12 o'clock to-morrow and dispose of these nominations at that time.

## RECESS

Mr. McNARY. Mr. President, in view of the statement made by the Senator from Michigan I move that the Senate now take a recess in open executive session until 12 o'clock to-morrow.

The motion was agreed to; and the Senate (at 4 o'clock and 57 minutes p. m.) took a recess until to-morrow, Wednesday, April 9, 1930, at 12 o'clock meridian.

## CONFIRMATIONS

*Executive nominations confirmed by the Senate April 8, 1930*

## UNITED STATES DISTRICT JUDGE

George Cosgrave, southern district of California.

## UNITED STATES ATTORNEYS

Frank Lee, eastern district of Oklahoma.

Roy C. Fox, eastern district of Washington.

## COAST GUARD

Webb C. Maglathlin to be commander (engineering).

Roland E. Simpson to be lieutenant (junior grade) (temporary).

Lester C. Griese to be lieutenant (junior grade) (temporary).

Herbert F. Walsh to be lieutenant (junior grade) (temporary).

## PUBLIC HEALTH SERVICE

Lieuten M. Rogers to be surgeon.

Henry A. Rasmussen to be surgeon.

William Y. Hollingsworth to be surgeon.

Octavius M. Spencer to be surgeon.

Donald J. Hunt to be assistant surgeon.

Eddie Monroe Gordon, Jr., to be assistant surgeon.

Willard E. Kramer to be assistant surgeon.

## POSTMASTERS

## CALIFORNIA

William H. Lawrence, Caruthers.

Olive B. Randall, Kerman.

Patrick J. O'Brien, Los Angeles.

Ernest W. Dort, San Diego.

Columbus W. Bouldin, Strathmore.

## DELAWARE

Josiah D. Robbins, Milton.

Ella W. Johnson, Newport.

## FLORIDA

Jesse F. Warren, Apalachicola.

William T. DuPree, Citra.

Frances Shreve, Lake Hamilton.

Daniel H. Petteys, McIntosh.

Daniel H. Laird, Millville.

Vilma B. Rhodes, Oakland.

John D. Peterson, Pierson.

Cornelia Higgins, Warrington.

## GEORGIA

Mary E. Everett, St. Simons Island.

Jennie I. Ingram, Townsend.

## INDIANA

Byron B. Ganger, Bristol.

Cadmus C. Funk, English.

Jonas E. Pershing, Washington.

## KANSAS

K. Leanor Lee, Portis.

## MICHIGAN

Webster C. Casselman, Baroda.

Fred G. Rafter, Decatur.

William M. Hovey, Rosebush.

## MINNESOTA

William F. Bischoff, Bigfork.

Kota R. Peterson, Coleraine.

Daniel H. Hill, Cook.

Berten E. Rollins, Lambertson.

Annie E. Dobie, Newport.

Arnold J. Derksen, Pequot.

## MISSOURI

Everett L. Griffin, Aldrich.

Omar M. Drysdale, Amoret.

Lester C. Snoddy, Ash Grove.

Edward Early, Baring.

William H. Lerbs, Berger.

Colmore Gray, Billings.

Hezekiah K. Harris, Blackwater.

Russell E. Worth, Bogard.

Elias K. Horine, Cassville.

Alfred G. Neville, Eldon.

Denver Johnston, Grant City.

Lewis E. Nicholson, Green Ridge.

James P. Scott, Kahoka.

Carl F. Sayles, Laclede.

Albert G. Reeves, Lucerne.

Robert W. Wiseman, Maywood.

James H. Somerville, Mercer.

Glenn S. Elliston, Montrose.

John E. Swearingen, New Bloomfield.

Elsie A. Burch, Parnell.

Hubert Lamb, Pineville.

Joseph G. Gresham, Queen City.

James D. A. Hood, jr., Republic.

Harland F. Kleppinger, Rockville.

Benjamin F. Northcott, Sumner.

May Venard, Tina.

Clarice C. Lloyd, Valley Park.

Charles O. Vaughn, Weaubleau.

## MONTANA

Roland Marriage, Whitetail.

## NEW JERSEY

Charles H. Ellis, Camden.

Herbert E. Poulson, Far Hills.

George Whetham, Haskell.

Alfred P. Jolin, High Bridge.

Ada Hopley, Hobokus.

Edward Iredell, Mullica Hill.

Howard A. Depuy, Wortendyke.

## NEW YORK

James Avery, Aurora.

Walter L. Schruers, Clymer.

Earl A. Wheeler, East Randolph.

Harvey S. Decker, Germantown.

William R. Churchill, Hancock.

George W. Babcock, Ravena.

Henry W. Osborn, Ulster Park.

Percy Burr, West Haverstraw.

## NORTH CAROLINA

Lawson M. Almond, Albemarle.

Minnie T. Moore, Atkinson.

Wayne E. Bailey, Chadbourn.

Robert O. Smith, Creedmoor.

Otis M. Davis, Fremont.

Robert F. Blevins, Jefferson.

Walter H. Finch, Kittrell.

Malpheus F. Hinshaw, Randleman.

Mack H. Brantley, Spring Hope.

## NORTH DAKOTA

Norton T. Hendrickson, Hoople.

Della E. Emch, Leith.

Anton M. Jacobson, Makoti.

Rolfe H. Hesketh, St. John.

## OKLAHOMA

Harry F. Hall, Alva.

## SOUTH DAKOTA

Lenoard A. Breese, Harrold.

## VIRGINIA

W. Frank Bowman, Altavista.

Alexander L. Martin, Catawba Sanatorium.

Leon H. Law, Chatham.

Walter C. Stout, Cumberland.

James W. Milton, Eagle Rock.

Norman V. Fitzwater, Elkton.

Ernest A. de Bordenave, Franklin.

Griffin S. Marchant, Mathews.

Daisy D. Curry, Monterey.

James E. Johnson, New Church.

George E. Jones, Painter.

Fillie C. Hammock, Riverton.

Frank M. Phillips, Shenandoah.

Lee S. Wolfe, South Boston.

John P. Jenkins, Sperryville.

James L. Bailey, Stanley.

Maude B. Hockman, Toms Brook.

John W. Layman, Troutville.

Frank J. Garland, Warsaw.



## HOUSE OF REPRESENTATIVES

TUESDAY, April 8, 1930

The House met at 12 o'clock noon and was called to order by the Speaker pro tempore [Mr. TILSON].

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Holy! holy! holy! is Thy name, our Father. Again we come the plain, familiar way, and we thank Thee that there is not a step between Thee and us. We praise Thee for the way—the way of repentance, the way of hope, and the way of the soul. Give us truth-loving minds, and make it easier for us to be gentle, just, and loving, and may we know that we are the sons of God and heirs of the heavenly inheritance. Bless our whole country and redeem it from the thrall of materialism, and let Thy kingdom come and Thy will be done everywhere. Direct and bless all instrumentalities that are being used for the education of the ignorant, for the reformation of morals, and for the purification of law. Amen.

The Journal of the proceedings of yesterday was read and approved.

## MESSAGE FROM THE SENATE

A message from the Senate by Mr. Crockett, its Chief Clerk, announced that the Senate had passed, without amendment, bills of the House of the following titles:

H. R. 155. An act providing compensation to the Crow Indians for Custer Battle Field National Cemetery, and for other purposes;

H. R. 564. An act for the relief of Josephine Laforge (Sage Woman);

H. R. 565. An act for the relief of Clarence L. Stevens;

H. R. 2029. To authorize the coinage of silver 50-cent pieces in commemoration of the seventy-fifth anniversary of the Gadsden Purchase;

H. R. 2331. An act for the relief of Leonard T. Newton;

H. R. 2825. An act to amend section 5 of the act entitled "An act to establish a national military park at the battle field of Stones River, Tenn.," approved March 3, 1927;

H. R. 3097. An act for the relief of Capt. George G. Seibels, Supply Corps, United States Navy;

H. R. 3098. An act for the relief of Capt. Chester G. Mayo, Supply Corps, United States Navy;

H. R. 3100. An act for the relief of Capt. P. J. Willett, Supply Corps, United States Navy;

H. R. 3101. An act for the relief of Lieut. Arthur W. Babcock, Supply Corps, United States Navy;

H. R. 3104. An act for the relief of Lieut. Edward F. Ney, Supply Corps, United States Navy;

H. R. 3105. An act for the relief of Lieut. Henry Guilmette, Supply Corps, United States Navy;

H. R. 3107. An act for the relief of Lieut. Edward Mixon, Supply Corps, United States Navy;

H. R. 3108. An act for the relief of Lieut. Archy W. Barnes, Supply Corps, United States Navy;

H. R. 3109. An act for the relief of Capt. William L. F. Simonpetri, Supply Corps, United States Navy;

H. R. 3110. An act for the relief of Capt. John H. Merriam, Supply Corps, United States Navy;

H. R. 3112. An act for the relief of Lieut. Commander Thomas Cochran, Supply Corps, United States Navy;

H. R. 4055. An act to authorize a cash award to William P. Flood for beneficial suggestions resulting in improvement in naval material;

H. R. 4289. An act to approve Act No. 55 of the session laws of 1929 of the Territory of Hawaii entitled "An act to authorize and provide for the manufacture, maintenance, distribution, and supply of electric current for light and power within the district of Hamakua, island and county of Hawaii";

H. R. 5693. An act providing for retired pay for certain members of the former Life Saving Service, equivalent to retired pay granted to members of the Coast Guard;

H. R. 6110. An act for the relief of the Gray Artesian Well Co.;

H. R. 6131. An act authorizing the Secretary of the Interior to erect a marker or tablet on the site of the battle between Nez Perces Indians under Chief Joseph and the command of Nelson A. Miles;

H. R. 7391. An act that the Secretary of the Navy is authorized, in his discretion, upon request from the Governor of the State of North Carolina, to deliver to such governor as custodian for such State the silver service presented to the United States for the U. S. S. *North Carolina* (now the U. S. S. *Charlottesville*, but out of commission);

H. R. 7701. An act to authorize fraternal and benevolent corporations heretofore created by special act of Congress to divide and separate the insurance activities from the fraternal activities by an act of its supreme legislative body, subject to the approval of the superintendent of insurance of the District of Columbia;

H. R. 7830. An act to amend section 5 of the act entitled "An act to provide a government for the Territory of Hawaii," approved April 30, 1900;

H. R. 7855. An act for the relief of Carl Stanley Sloan, minor Flathead allottee;

H. R. 7984. An act to approve act No. 29 of the session laws of 1929 of the Territory of Hawaii, entitled "An act to authorize and provide for the manufacture, maintenance, distribution, and supply of electric current for light and power within Hanalei, in the District of Hanalei, island and county of Kauai";

H. R. 8143. An act granting the consent of Congress to the Arkansas State Highway Commission to construct, maintain, and operate a free highway bridge across the Black River at or near Pocahontas;

H. R. 8294. An act to amend the act of Congress approved June 28, 1921 (42 Stat. 67, 68), entitled "An act to provide for the acquisition by the United States of private rights of fishery in and about Pearl Harbor, Territory of Hawaii";

H. R. 8559. An act to authorize the incorporated town of Cordova, Alaska, to issue bonds for the construction of a trunk-sewer system and a bulkhead or retaining wall, and for other purposes;

H. R. 9046. An act to amend the fourth paragraph of section 13 of the Federal reserve act, as amended;

H. R. 9306. An act to authorize per capita payments to the Indians of the Pine Ridge Indian Reservation, S. Dak.;

H. R. 9894. An act to discontinue the coinage of the two and one-half dollar gold piece;

H. R. 9988. An act granting the consent of Congress to the State of New York to construct, maintain, and operate a free highway bridge across the Allegheny River at or near Red House, N. Y.;

H. R. 10076. An act to amend sections 476, 482, and 4934 of the Revised Statutes, sections 1 and 14 of the trademark act of February 20, 1905, as amended, and section 1 (b) of the trademark act of March 19, 1920, and for other purposes;

H. J. Res. 195. Joint resolution authorizing and requesting the President to invite representatives of the Governments of the countries members of the Pan American Union to attend an Inter-American Conference on Agriculture, Forestry, and Animal Industry, and providing for the expenses of such meeting;

H. J. Res. 197. Joint resolution to authorize the purchase of a motor lifeboat, with its equipment and necessary spare parts, from foreign life-saving services; and

H. J. Res. 227. Joint resolution authorizing the erection of a Federal reserve branch building in the city of Pittsburgh, Pa.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 7881. An act authorizing the Secretary of the Interior to erect a monument as a memorial to the deceased Indian chiefs and ex-service men of the Cheyenne River Sioux Tribe of Indians; and

H. R. 9323. An act granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, etc., and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. S. An act for the relief of Lieut. David O. Bowman, Medical Corps, United States Navy;

S. 215. An act to amend section 13 of the act of March 4, 1923, entitled "An act to provide for the classification of civilian positions within the District of Columbia and in the field services," as amended by the act of May 23, 1928;

S. 218. An act to place Norman A. Ross on the retired list of the Navy;

S. 304. An act for the relief of Cullen D. O'Bryan and Lettie A. O'Bryan;

S. 363. An act for the relief of Charles W. Martin;

S. 412. An act to authorize the creation of organized rural communities to demonstrate the benefits of planned settlement and supervised rural development;

S. 420. An act for the relief of Charles E. Byron, alias Charles E. Marble;

S. 428. An act to authorize the transfer of the former naval radio station, Seawall, Me., as an addition to the Acadia National Park;

- S. 517. An act for the relief of Arch L. Gregg;
- S. 525. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Louisiana State Museum, of the city of New Orleans, La., the silver service in use on the cruiser *New Orleans*;
- S. 549. An act to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes;
- S. 684. An act to amend section 9 of the Federal reserve act, as amended, to authorize the Federal Reserve Board to waive notice by State banks and trust companies of intention to withdraw from membership in a Federal reserve bank;
- S. 686. An act to amend an act regulating the height of buildings in the District of Columbia, approved June 1, 1910;
- S. 857. An act for the relief of Gilbert Peterson;
- S. 888. An act for the relief of Francis J. McDonald;
- S. 1045. An act for the relief of Sheldon R. Purdy;
- S. 1101. An act to authorize the Postmaster General to investigate the conditions of the lease of the post-office garage in Boston, Mass., and to readjust the terms thereof;
- S. 1252. An act for the relief of Christina Arbuckle, administratrix of the estate of John Arbuckle, deceased;
- S. 1309. An act granting six months' pay to Mary A. Bourgeois;
- S. 1407. An act for the relief of William Zeiss, administrator of William B. Reaney, survivor of Thomas Reaney and Samuel Archbold;
- S. 1572. An act for the relief of the Allegheny Forging Co.;
- S. 1638. An act for the relief of William Tell Oppenheimer, jr.;
- S. 1641. An act for the relief of Thomas A. Dwyer;
- S. 1742. An act authorizing Arthur S. Judy, lieutenant commander, Medical Corps, United States Navy, to accept the distinguished-service medal tendered to him by the President of the Republic of Haiti;
- S. 1748. An act for the relief of the Lakeside Country Club;
- S. 1798. An act for the relief of Alice M. A. Damm;
- S. 1945. An act for the relief of Nellie Francis;
- S. 1952. An act providing a nautical school at the port of New Orleans, La.;
- S. 1959. An act to authorize the creation of game sanctuaries or refuges within the Ocala National Forest in the State of Florida;
- S. 2013. An act for the relief of Germaine M. Finley;
- S. 2076. An act for the relief of Drinkard B. Milner;
- S. 2166. An act for the relief of Richard Riggles;
- S. 2219. An act for the relief of the city of New York;
- S. 2272. An act for the relief of Harold F. Swindler;
- S. 2400. An act to regulate the height, exterior design, and construction of private and semipublic buildings in certain areas of the National Capital;
- S. 2414. An act authorizing the Government of the United States to participate in the international hygiene exhibition at Dresden, Germany, from May 6, 1930, to October 1, 1930, inclusive;
- S. 2458. An act for the inspection of vessels propelled by internal-combustion engines;
- S. 2466. An act to carry into effect the findings of the Court of Claims in the case of William W. Danenhower;
- S. 2467. An act for the relief of William Hensley;
- S. 2559. An act authorizing the attendance of the Marine Band at the Confederate Veterans' reunion to be held at Biloxi, Miss.;
- S. 2608. An act for the relief of William C. Rives;
- S. 2662. An act for the relief of Della D. Ledendecker;
- S. 2718. An act for the relief of Stephen W. Douglas, chief pharmacist, United States Navy, retired;
- S. 2814. An act to authorize the erection of a suitable statue of Maj. Gen. George W. Goethals within the Canal Zone;
- S. 2859. An act to extend the times for commencing and completing the construction of a bridge across the Monongahela River at or near Fayette City, Fayette County, Pa.;
- S. 2873. An act to carry into effect the finding of the Court of Claims in the claim of Elizabeth B. Eddy;
- S. 2908. An act extending protection to the bald eagle, the emblem of the United States, and for other purposes;
- S. 3026. An act authorizing the General Accounting Office to make certain credits in the accounts of Horace Lee Washington and Arthur B. Cooke, United States Consular Service;
- S. 3038. An act for the relief of the National Surety Co.;
- S. 3039. An act for the relief of the estate of George B. Spearin, deceased;
- S. 3043. An act authorizing the establishment of a national hydraulic laboratory in the Bureau of Standards of the Department of Commerce and the construction of a building therefor;
- S. 3045. An act for the relief of Walter P. Crowley;
- S. 3184. An act to permit the county of Solano, in the State of California, to lay, construct, install, and maintain sewer outlets over and across the Navy longitudinal dike and accretions thereto in Mare Island Straits, Calif.;
- S. 3185. An act to authorize the Secretary of the Navy to dispose of material no longer needed by the Navy;
- S. 3202. An act to extend the times for commencing and completing the construction of a bridge across Lake Champlain at or near Rouses Point, N. Y., and a point at or near Alburg, Vt.;
- S. 3425. An act to amend the act of Congress approved March 1, 1929, entitled "An act to provide for the construction of a children's tuberculosis sanatorium";
- S. 3440. An act authorizing the exchange of 663 square feet of property acquired for the park system for 2,436 square feet of neighboring property, all in the Kingle Ford Valley, for addition to the park system of the National Capital;
- S. 3441. An act to effect the consolidation of the Turkey Thicket Playground, Recreation and Athletic Field;
- S. 3448. An act to amend the act of February 21, 1929, entitled "An act to authorize the purchase by the Secretary of Commerce of a site, and the construction and equipment of a building thereon, for use as a constant frequency monitoring radio station, and for other purposes";
- S. 3449. An act to amend section 4404 of the Revised Statutes of the United States, as amended by the act approved July 2, 1918, placing the supervising inspectors of the Steamboat Inspection Service under the classified civil service;
- S. 3473. An act to amend the act of Congress approved March 16, 1926, establishing a board of public welfare in and for the District of Columbia, to determine its functions, and for other purposes;
- S. 3538. An act to authorize the Secretary of Commerce to convey to the city of Port Angeles, Wash., a portion of the Ediz Hook Lighthouse Reservation, Wash.;
- S. 3566. An act authorizing the President to place Lieut. (Junior Grade) Christopher S. Long, Chaplain Corps, United States Navy, upon the retired list of the Navy;
- S. 3607. An act granting the consent of Congress to the State of New York to construct, maintain, and operate a free State highway bridge across the Allegheny River, at or near Red House, N. Y.;
- S. 3618. An act granting the consent of Congress to rebuild, reconstruct, maintain, and operate the existing railroad bridge across the Cumberland River near the town of Burnside, in the State of Kentucky;
- S. 3642. An act for the relief of Mary Elizabeth Council;
- S. 3648. An act to correct the naval record of Edward Earle;
- S. 3653. An act to amend an act entitled "An act to provide compensation for disability or death resulting from injury to employees in certain employments in the District of Columbia, and for other purposes," approved May 17, 1928;
- S. 3714. An act to extend the times for commencing and completing the construction of a bridge across the Wabash River at Mount Carmel, Ill.;
- S. 3715. An act authorizing the State Highway Board of Georgia, in cooperation with the State Highway Department of South Carolina, the city of Augusta, and Richmond County, Ga., to construct, maintain, and operate a free highway bridge across the Savannah River at or near Fifth Street, Augusta, Ga.;
- S. 3741. An act to extend the times for commencing and completing the construction of a bridge across the South Fork of the Cumberland River at or near Burnside, Pulaski County, Ky.;
- S. 3742. An act to extend the times for commencing and completing the construction of a bridge across the Cumberland River at or near Burnside, Pulaski County, Ky.;
- S. 3743. An act to extend the times for commencing and completing the construction of a bridge across the Cumberland River at or near Canton, Ky.;
- S. 3744. An act to extend the times for commencing and completing the construction of a bridge across the Tennessee River at or near Eggners Ferry, Ky.;
- S. 3746. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Maysville, Ky.;
- S. 3775. An act to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes;
- S. 3784. An act for the relief of John Marks, alias John Bell.
- S. 3820. An act to extend the times for commencing and completing the construction of certain bridges in the State of Tennessee;
- S. 3893. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the State of South Da-



kota the silver service presented to the United States for the cruiser *South Dakota*;

S. 3895. An act to authorize the Commissioners of the District of Columbia to widen Wisconsin Avenue abutting squares 1299, 1300, and 1935;

S. 3910. An act to authorize the President to appoint Capt. Charles H. Harlow a commodore on the retired list;

S. J. Res. 24. A joint resolution for the payment of certain employees of the United States Government in the District of Columbia and employees of the District of Columbia for March 4, 1929;

S. J. Res. 127. A joint resolution authorizing the erection on the public grounds in the city of Washington, D. C., of a memorial to William Jennings Bryan;

S. J. Res. 140. A joint resolution to provide for the erection of a memorial tablet at the United States Naval Academy to commemorate the officers and men lost in the United States submarine *S-4*;

S. Con. Res. 14. Concurrent resolution requesting the Secretary of the Navy to detail a medical officer for duty as physician to the Senate and House of Representatives; and

S. Con. Res. 26. Concurrent resolution authorizing the holding of hearings by the joint committee to investigate the pay and allowances of personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7960) entitled "An act granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war."

The message also announced that the Senate requests the House of Representatives to return to the Senate the bill (S. 3607) entitled "An act granting the consent of Congress to the State of New York to construct, maintain, and operate a free State highway bridge across the Allegheny River at or near Red House, N. Y."

#### WORLD WAR VETERANS

Mr. TARVER. Mr. Speaker, I ask unanimous consent to proceed for three minutes.

The SPEAKER pro tempore. The gentleman from Georgia asks unanimous consent to proceed for three minutes. Is there objection?

Mr. SNELL. May I inquire what the gentleman desires to say?

Mr. TARVER. I want to ask for the insertion in the RECORD of a certain decision by the Director of the Veterans' Bureau concerning a matter of interest to thousands of World War veterans throughout the country. I can not describe it more fully unless I have the three minutes requested.

The SPEAKER pro tempore. Is there objection to the gentleman's request?

There was no objection.

Mr. TARVER. Mr. Speaker and Members of the House, on February 21, 1930, during the consideration of the deficiency appropriation bill, a discussion arose in the House with reference to an amendment offered by myself concerning the right of World War veterans who filed their claims under the war risk insurance act prior to June 7, 1924, but who did not submit proof showing service connection of their disabilities until after that date to receive compensation for periods prior to that time during which they were disabled to a compensable degree and not for more than two years prior to the filing of their claims. Compensation in this class of cases for any period prior to the passage of the World War veterans' relief act, June 7, 1924, had been refused by the director in a decision No. 222-A.

Since that time I have had up the subject matter with the director, and he agreed to have the entire question reviewed by the legal counsel of the bureau. Thereupon a decision was rendered reversing the previous decision of the director in so far as it related to that particular class of cases. A rule has been promulgated by which veterans who filed their claims under the original war-risk insurance act and who subsequently to June 7, 1924, submitted their proof, showing service connection of their disabilities would be authorized to receive compensation for not more than two years antedating the filing of their claims. The matter, as I said, is of great interest to many thousands of World War veterans, and is of particular importance in connection with the bill H. R. 10381, which is to be considered in the House next Tuesday.

I therefore ask unanimous consent that the correspondence between myself and the director in reference to the subject matter and the decision I have referred to be inserted in the RECORD in connection with my remarks.

Mr. SNELL. Mr. Speaker, will the gentleman yield there?

Mr. TARVER. Yes.

Mr. SNELL. Does the gentleman think that all decisions of the Director of the Veterans' Bureau should be inserted in the RECORD?

Mr. TARVER. The director has stated that these claims involve a matter of \$42,000,000. Many of these veterans whose claims for retroactive compensation have been heretofore denied may not know that they are at liberty to ask a review of their claims unless they see this decision, and I, therefore, ask unanimous consent to insert it in the RECORD in order that it may be called to their attention.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Following is the correspondence, together with the decision, referred to:

FEBRUARY 22, 1930.

Re: Tracy, Eugene T., C-1-121-137.

Gen. FRANK T. HINES,

Director Veterans' Bureau, Washington, D. C.

DEAR GENERAL HINES: With further reference to the above-stated case, and to recent correspondence I have had with you concerning the subject matter of payments in this and other cases supposed to be similar, I beg to state I think the debate in the House on yesterday indicates that there is a misunderstanding of just what change in existing law relative to this subject matter is to be effected by the bill reported from the World War Veterans' Legislation Committee. You will note from pages 4089 et seq. of the RECORD that Chairman JOHNSON, of the above-named committee, insists that the effect of the proposed amendment is merely to prevent the allowance of compensation prior to June 7, 1924, in cases service-connected under the provisions of the act approved on that date.

If this is a correct contention, the claims of the dependents of the above-named veteran should not be affected by the passage or not of the proposed legislation, by reason of the fact that Tracy's claim has been substantiated by evidence recognized by the bureau as bringing it within the provisions of the original war risk insurance act, and the only question is whether the rights acquired under the war risk insurance act by veterans were destroyed by the passage of the act of June 7, 1924, which I think can not be logically insisted is true.

I, therefore, earnestly request that this veteran's file be reviewed and that since the proposed amendment to existing laws can not properly be held applicable to his case if it has no further effect than is insisted by Chairman JOHNSON that the compensation due him for the period prior to June 7, 1924, when he was disabled by active tuberculosis shall be paid to his dependents.

Yours truly,

M. C. TARVER.

MARCH 1, 1930.

Tracy, Eugene Thomas, XC-1,121,137; McCraw, Grover Cleveland, XC-1,334,834.

Hon. M. C. TARVER,

House of Representatives, Washington, D. C.

MY DEAR MR. TARVER: This will acknowledge the receipt of your letter dated February 22, in which you make exposition of the trend of the debate in the House on Friday of last week, and express the opinion that the proposed amendment has nothing to do with the propriety or impropriety of retroactive payment of compensation in this case, and accordingly suggest that the bureau give further consideration to the possibility of immediate action looking toward such payment.

Although the basis for retroactive payment of compensation, if any, in the Tracy case, is such that it may appear not to be affected by the proposed amendment which has been under discussion in the House, the basis for such retroactive payment in the Tracy case was part of the subject of consideration by the Comptroller General to which the bureau has alluded in its previous communications. In view, however, of the fact that it does not appear that the consideration being given by the Congress presently embraces the aspect of the matter involved in the Tracy case, prompt and careful consideration is being given to the possibility of payment as you suggest without awaiting congressional action.

The matter involves considerable complexity and will therefore require some deliberation. You may be assured, however, that it is being promptly considered and that you will be fully informed in the entire premises at an early date.

Your clear conception of the issues in this matter and your invaluable aid in clarifying the issues before Congress are most deeply appreciated; and the bureau is desirous of affording you all possible information looking toward a definite settlement of all of the issues involved.

Very truly yours,

FRANK T. HINES, Director.

MARCH 18, 1930.

Re: Tracy, Eugene Thomas (XC-1-121-137); McCraw, Grover Cleveland (XC-1-334-834).

Gen. FRANK T. HINES,

*Director Veterans' Bureau, Washington, D. C.*

DEAR GENERAL HINES: Reference is had to your letter of March 1, 1930, concerning whether or not the proposed amendment to the World War veterans' relief act making compensation under the terms of that act nonretroactive beyond June 7, 1924, would affect claims of the above-named veterans for retroactive compensation.

The proposed amendment is included in H. R. 10381, now on the Union Calendar, and is contained in section 18 of that bill. It reads: "Provided, That nothing herein shall be construed to permit the payment of compensation under the World War veterans' act as amended for any period prior to June 7, 1924."

I note from your letter of the date referred to that the subject matter was receiving consideration at that time, but I am very anxious, if possible, that the construction given it may be available prior to the time when this bill will come before the House for consideration, as I consider this question of considerable importance.

If the amendment means nothing more than that rights which accrue to veterans for the first time by virtue of the act of June 7, 1924, would not entitle them to compensation prior to that date, I can see no objection to it. If, however, it would be construed to mean that rights existing under prior legislation and preserved to the veteran by the act of June 7, 1924, shall not be observed retroactively to the time of their accrual under prior legislation, then an entirely different question is presented.

I am, therefore, anxious that I may be informed as to the result of the consideration given the matter at as early a date as may be practicable.

Yours truly,

M. C. TARVER.

MARCH 27, 1930.

Re: Tracy, Eugene T., XC-1-121-137.

Gen. FRANK T. HINES,

*Director Veterans' Bureau, Washington, D. C.*

DEAR GENERAL HINES: With reference to your phone call of last Monday, would you be kind enough to furnish me with a copy of the decision of the legal service in the above-stated matter?

Thanking you, I am, yours truly,

M. C. TARVER.

UNITED STATES VETERANS' BUREAU,  
Washington, April 7, 1930.

HON. MALCOLM C. TARVER,

*House of Representatives, Washington, D. C.*

MY DEAR MR. TARVER: Further reference is made to your letter of March 27, 1930, relative to the case of Eugene T. Tracy.

In accordance with your request there is transmitted herewith a copy of the opinion of the general counsel in this case which was approved by the director on April 3, 1930.

A copy of this letter is inclosed for your use.

Very truly yours,

FRANK T. HINES, *Director.*

APRIL 3, 1930.

Tracy, Eugene T., XC-1-121-137.

ASSISTANT GENERAL COUNSEL,

*The Director.*

Reference is made to the memorandum of the general counsel dated March 17, 1930, approved by you March 20, 1930, recommending modification of bureau precedents relating to retroactive payments in cases where service connection under section 300 of the war risk insurance act, as amended, is established by evidence submitted subsequent to June 7, 1924. This memorandum, among other things, recommended that the following rule be adopted.

"That where a man who has a 10 per cent disability prior to June 7, 1924, files a claim prior to June 7, 1924, and is entitled to service connection for such disability under the presumptive provisions of section 300 he be permitted to file his proof in accordance with the provisions of section 300 of the war risk insurance act, as amended, after June 7, 1924, and payment of compensation be made to him two years prior to date of claim."

This, as explained in the memorandum of the assistant general counsel which accompanied the general counsel's memorandum, is a reversal of the former ruling of the bureau, which is stated formally in Director's Decision No. 222-A, in the following language:

"No evidence can be accepted by the bureau subsequent to June 7, 1924, for the purpose of proving that a claimant was entitled to compensation under the first proviso of section 300 of the war risk insurance act, as amended."

There is now pending in this service a submission from the assistant director, adjudication service, the case of Eugene T. Tracy, XC-1-121-

137. This is one of the cases in which Congressman MALCOLM C. TARVER is interested, and the facts may be stated as follows:

Eugene T. Tracy entered the military service on May 6, 1917, and was honorably discharged therefrom on March 17, 1919. He filed claim for disability compensation on May 1, 1923, alleging the nature of his disability to be catarrh of the head and stomach and pyorrhea. The first examination by the bureau is dated May 19, 1923, and contains a diagnosis of deviated nasal septum and varicosities of left leg and knee; no lung pathology was noted, the report stating in connection therewith as follows: "Chest good shape—good mobility—measurements, 37-37-33." His claim was denied. The next examination was conducted May 12, 1924, and he was found to be suffering from moderately advanced pulmonary tuberculosis, active, following which the claim was again disallowed on the ground that evidence did not show that active tuberculosis was found upon examination by a legally qualified physician within the 3-year period in accordance with the terms of the first proviso of section 300 of the war risk insurance act, as amended. Subsequent to the passage of the World War veterans' act, June 7, 1924, the case was reviewed and connected with the service under section 200 thereof, the disability being held to be less than 10 per cent from discharge to May 12, 1924, and temporary total thereafter.

On July 25, 1924, the veteran inquired as to whether his rating was under the old law or the new, and thereafter made every effort to substantiate a right under the old law. He died on December 16, 1925, in the United States Veterans' Bureau Hospital, Fort Bayard, N. Mex., without having overcome the two difficulties which confronted him, which were, first, the rulings of the bureau as enunciated in Director's Decision No. 222-A; and second, the lack of evidence that he was suffering with active tuberculosis of a 10 per cent degree or more of disability within three years after separation from the service, as shown by the examination report of a duly qualified physician.

After the veteran's death his representatives submitted an affidavit from a physician stating that he had treated the veteran in March, 1922, and found him suffering from loss of weight, fever, sallow complexion, cough, and great expectoration, and moist râles in the upper lobe right lung. On the strength of this evidence, the rating was amended as follows:

"No disability from date of separation from active service to 3-16-23; temporary partial 25 per cent from 3-16-23 to 5-12-24; temporary total from 5-12-24 to 6-10-24; permanent and total from 6-10-24 to 12-10-25, date of death, under regulations 73; service connected under section 200, World War veterans' act, 1924; pulmonary tuberculosis, chronic."

Thereafter it was necessary to inform the representatives of the veteran that in spite of the amended rating the precedents of the bureau did not permit payment of compensation for any period prior to June 7, 1924. However, the application of the rule laid down in the first paragraph of this memorandum will permit the payment of compensation for a period two years prior to the date of filing claim if the rating so warrants, the theory being that this veteran had an accrued right under the presumption provisions of section 300 of the war risk insurance act, which was saved to him by section 602 of the World War veterans' act.

Claim was filed on May 1, 1923, and therefore compensation is payable in accordance with the rating for any period during which the veteran was disabled, but not more than two years prior to May 1, 1923.

J. O'C. ROBERTS.

#### A CONSTANT FREQUENCY MONITORING RADIO STATION

Mr. ELLIOTT. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill S. 3448 and consider the same.

Mr. SNELL. May I ask the gentleman the reason for bringing this up at this time?

Mr. GARNER. As I understood in conversation with the gentleman from Indiana a moment ago, the identical bill passed the House yesterday afternoon by unanimous consent. Is that correct?

Mr. ELLIOTT. That is correct.

The SPEAKER pro tempore. The Chair understands that at about the same time it passed the Senate.

Mr. ELLIOTT. Yes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The SPEAKER pro tempore. The Clerk will report the bill. The Clerk read as follows:

S. 3448

A bill to amend the act of February 21, 1929, entitled "An act to authorize the purchase by the Secretary of Commerce of a site, and the construction and equipment of a building thereon, for use as a constant frequency monitoring radio station, and for other purposes"

Be it enacted, etc., That the act entitled "An act to authorize the purchase by the Secretary of Commerce of a site, and the construction and equipment of a building thereon, for use as a constant frequency monitoring radio station, and for other purposes," approved February 21, 1929, be, and the same is hereby, amended to read as follows:



"That the Secretary of Commerce be, and he is hereby, authorized to purchase a suitable site, provided a suitable site now owned by the Government is not available for the purpose, and to contract for the construction thereon of a building suitable for installation therein of apparatus for use of a constant frequency monitoring radio station, and for the facilities, at a cost not to exceed \$80,000."

The Senate bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the vote whereby the Senate bill was passed was laid on the table.

#### SPECIAL ORDERS

The SPEAKER pro tempore. Under the special order of the House the gentleman from New York [Mr. SIROVICH] is recognized for 60 minutes.

Mr. SIROVICH. Mr. Speaker, when we call the roll of all the great governments that have existed in ancient days, and let them march across the stage of time, we find three distinct forms of government that ruled the people of antiquity.

The first form is called an oligarchy. Here supreme power is restricted to a few who have been self-appointed, self-anointed, and self-constituted to look after the welfare of their peoples. Such a form of government was found among the ancient Assyrians, Babylonians, Egyptians, and Persians.

The second form of government, found in the Orient, is the patriarchal type which is symbolized by the ancient Semitic group in Judea, represented by the fathers and prophets of Israel, such as Abraham, Isaac, and Jacob.

The third form of government, hoary from remote antiquity, is represented by the despotic monarchy, which was found among the Chinese, Japanese, Hindus, and Indian Empire.

These three forms of government—namely, the oligarchical, the despotic, and the patriarchal—lived, thrived, and flourished during their time, and inculcated religion as a part of the government of their day. Each of these forms is furthermore characterized by the fact that those who ruled absolutely, controlled the religious as well as the political destinies of their subjects. Thus we find in the early history of the world the union of church and state; spiritual and temporal powers united.

As the years rolled by, sovereign government moved from the Orient to the Occident. Civilization passed from the east to the west.

The dawn of Grecian culture manifests itself in an aristocratic government in its early period of existence. Within a few centuries the golden era of Grecian civilization comes to the fore. Pure democracy has its birth and its inception. Solon, the lawgiver, was the founder of democracy, and not many centuries later the great Periclean age appears. Such eminent philosophers as Pythagoras, Socrates, Plato, and Aristotle gave their profound wisdom and their intellectual genius as a contribution to the world of yesterday, to-day, and to-morrow.

In Plato's Republic the state is created for the benefit of the individual. The happiness of the individual is supreme. One exists for the other. In those days Athens was mistress of the world.

To the south of the Athenian Republic was the great state of Sparta. Sparta was the first communistic government in the world. The individual meant nothing. Men and women were the pawns of the state. Children belonged to the state and not to their parents. And so in time the communistic cradle of Sparta, rocked by its founder and apostle, Lycurgus, crumbled, collapsed, and was consumed in the ashes of time.

Upon the distant horizon the Roman soldiers are marching. Each legion carries upon its flag the three Latin words, "Civis Romanus sum." "I am a Roman citizen." Woe unto those nations or peoples that would destroy or defile the rights of Roman citizenship. The democracy of Julius Caesar lives and thrives. In militant fashion these Roman soldiers carried the culture and civilization of the Roman Republic to all the known corners of the world. Caesar is assassinated. Democracy falls with him. A benevolent monarchy under Caesar Augustus takes its place. Years pass, and we find a despotic monarchy again in the saddle. Nero fiddles while Rome is in flames.

The tyrant Caligula persecutes and oppresses the Roman citizenship. Militarism and autocracy reign supreme. Prisoners of foreign climes infiltrate all of Rome. Debauchery takes the place of decency and self-respect until in the year 476 A. D. the sun sets upon the civilization and glory of Rome and Rome is destroyed. [Applause.]

From the year 476 A. D. to 1454, when Gutenberg invented and perfected printing by movable type, this period of 1,000 years is known as the Dark Ages. This 1,000-year period witnessed the development of two forms of governmental evolution.

First, the great Holy Roman Empire, under the spiritual and temporal protectorate and supervision of the Pope, spread its

benevolent influence in preserving the education and culture of ancient times, and bequeathed them through the invention of printing and books to the culture and civilization of modern days.

Second, the feudalistic period, an economical, social, and political system under which petty lords, dukes, and barons controlled their form of government, and business, which was primarily agriculture. It was a period in which the peasants were the slaves of their overlords and paid them tribute for protection in their hour of need.

This system of governmental racketeering through the feudal lords was destroyed through the instrumentality of a German Catholic monk, whose name was Bernhard Schwartz. He lived in the humble town of Pistola, Italy.

Through a mechanical contrivance which the monk called the pistol, naming it after the town in which he lived, he utilized gunpowder, which made the humblest peasant the equal of his most exalted duke, lord, or baron. The bullet in the hand of the serf could penetrate the armor of any overlord. Thus gunpowder leveled the duke to a parity with the agricultural serf.

Through printing, religious reformations, discovery, and exploration a new period is ushered into the civilization of mankind. This era is called the Renaissance. It is the rebirth and revival of knowledge, education, and culture. This era marks the beginning of the break between church and state, and brought about religious differences which still exist throughout the world.

In my humble opinion the most important, the most vital and outstanding characteristic of this era is the slow trend toward constitutional monarchy which developed in England.

The Anglo-Saxon government began when the common people of England realized that one strong government was to be preferred to many weak ones, and determinedly showed their sentiments at Runnymede in 1215, when the nobles, the clergy, the merchants, and freemen of the whole land rebelled against the outrageous exactions of King John I.

The people compelled King John to sign that great human, immortal document known as the Magna Charta, and since that day this human document has been the basis of English liberty. It marks the beginning of government by the people of England.

In 1295 King Edward I called the first Parliament together. It was the first meeting of the House of Commons and the House of Lords. This was the beginning of a most important forward step in the democracy of government.

The English, therefore, were united under one strong ruler, and enjoyed a greater measure of participation in their own government long before any of the other peoples of Europe.

The ancient Republics of Athens and of Rome had government controlled only by the citizens of the city. Neither of them ever provided means by which the citizens in distant places could have a share in deciding national policies without making a journey in person to the home city.

This representative principle adopted by the English has made possible the formation of democratic governments covering a wide area, and set up in England the splendid and superb principle of no taxation without representation.

During the reign of King Charles I the House of Commons appealed to His Majesty with a bill of rights, challenging the King's contention to spend the public money without authorization of the House of Commons. This petition was originally introduced in the House of Burgesses in Virginia in 1624 and transmitted to the House of Commons as their petition of rights. Because of his despotism Charles I was beheaded.

From 1649 to 1660 we had the protectorate. Cromwell, like Mussolini of Italy to-day, became the dictator of England.

During the reign of King William and Mary in 1689 there developed the great Bill of Rights, which is one of the most important documents in the English constitution. This, too, marked a great step in the triumphant march of democracy.

A comparison of the Bill of Rights with the first 10 amendments to the United States Constitution will reveal many interesting similarities.

The cabinet system of government was also inaugurated about this time. The custom of choosing ministers from the party having a majority in the House of Commons grew stronger and more powerful every day. The Prime Minister was invariably the leader of the party in power.

From that time to the present day the British King never vetoes any law. The House of Lords can not permanently prevent a measure from becoming a law.

Thus the modern cabinet system enables the voters to control both the Parliament that makes the laws and the agencies that carry out the law.

And so we see in a period of five or six centuries the evolution, development, and perfection of constitutional government in

England with their tremendous influence in continental Europe, especially in Germany and France.

About the year 1776 there took place three great revolutions which transformed every aspect of society and made possible the modern world in which we now live.

The first movement was the intellectual revolution which gave birth to new points of view in literature, science, art, and philosophy.

In the second category we find the American and the French Revolutions, which proclaimed the democratic principles of government.

The third was the industrial revolution in England, which inaugurated our present economic and capitalistic life.

The intellectual revolution was responsible for the advanced thought of that period. The great authors and writers took up the social, the political, the economic conditions of their day in a way unparalleled for its virulence, its audacity, and its uncompromising radicalism.

Voltaire excoriated the church. Montesquieu attacked monarchy. Rousseau pilloried the old political system of the King and his state. He substituted the doctrine of popular democracy for that of the divine right of kings.

Political economy was founded by Turgot in France and by Adam Smith in England. These writers made the people think in terms of their environment from an economic point of view, and taught men to identify progress and the material well-being of the individual.

In the past progress had meant only religious, moral, and intellectual enlightenment.

The great industrial revolution started in England about the same time. This revolution was a silent one. No bullets and no shots were fired. It marked the greatest of all revolutions in the history of the world. It brought medieval civilization to an end. It characterized the beginning of our present state of society.

This revolution was brought about by several extraordinary inventions made by Englishmen, Americans, Germans, and Frenchmen.

These geniuses, through the fertility of their imaginations, subjugated the forces of nature to serve the will of man. Thus was ushered in the powerful influence of the industrial revolution.

Behold Watt's steam engine, Stevenson's locomotive, Fulton's steamboat, Whitney's cotton gin, Morse and Bell in telegraph and telephone. These inventions created revolutions in factories, revolutions in transportation, revolutions in communication, and, last but not least, revolutions in manufacture and industry.

Then came the greatest revolution of all. It was the revolution against the despotism of monarchy and all that it stands for.

It was about this time that our colonial forefathers were being persecuted and oppressed. Men like Benjamin Franklin, Thomas Jefferson, Thomas Paine, John Adams, John Hancock, James Madison, James Monroe, Patrick Henry, George Washington, sat in their respective homes, meditating, pondering, and deliberating what free men should do when tyrants persecute and deny to them the rights, privileges, and prerogatives of justice, in the government of their homes.

There in panoramic fashion, as they sat in the libraries of their humble homes, passed before them all the various forms of government that I have enumerated, that existed in ancient, medieval, and in their own time.

Thus inspired by the rights of free men they assembled in convention and proclaimed before God and man that they challenged the right of any king to rule by divine right. [Applause.] Then and there they enunciated for the first time the philosophy of democracy—that all governments derive their just powers from the consent of the governed. Within a few years they threw off the yoke of King George III, and established a government by the people, founded upon the firm foundation of the Declaration of Independence and the Constitution of the United States. They pledged everything they held near and dear in life; their means, their property, their homes, yea, even their lives, that such a government should and must be established for the benefit of mankind. [Applause.]

These documents boldly proclaimed the philosophy that all men are free and remain equal in rights; that laws and government are expressions of popular will; that the people instead of the king are sovereign. It guaranteed equal opportunity to all and special privileges to none.

It protected the individual, his home, his property, and his life by granting him the freedom of speech, freedom of the press, and freedom of religious worship. It placed democracy in his home, his hearth, his fireside. In schoolhouses through education they said to the world: The child is not the mere

creature of the State; those who nurture him and direct his destiny have the right coupled with the high duty to recognize and prepare him for additional obligations. Thus it granted to all parents the right to send their children into the temples of the schoolhouse, there to carry along with them the influence and antecedents of their home, and to back all these privileges with the power and prestige of the Government to see that all children might impartially drink deeply from the fountain of education. [Applause.]

It secured democracy in government by having three distinct branches, namely, the executive, the legislative, and the judicial, each independent of the other and all coordinated together for the benefit of all of the people of our Nation.

To the individual it granted every incentive in life to make him climb the ladder of fame and fortune, in the protection of the property rights that he has earned by the sweat of his brow. And above all inculcated into the hearts, into the minds, and into the souls of every free man of our Republic the belief that in this land of equal opportunity his children might have the privilege of holding the humblest as well as the greatest office at the gift and disposal of the American people, irrespective of class, creed, or color.

Such, Mr. Speaker, ladies and gentlemen of the House, are the ideals, the principles, the philosophy of democracy in the republican form of government that our forefathers granted to all of our citizens in 1789, when George Washington assumed the first Presidency of our great Republic. [Applause.]

The close of the eighteenth and the opening of the nineteenth centuries witnessed manifold changes wrought by the cataclysmic influences of the political, intellectual, and industrial revolutions. Most immediate was the combustion created by the fire of democracy, whose sparks veritably flew eastward across the Atlantic from America to France. Mirabeau, Robespierre, Marat, Danton, Turgot, and Napoleon, these French leaders changed the political, economic, and geographic complexion of all of Europe. Crowns have rested most uneasily on the heads of despots and tyrants since the American and French Revolutions. This period ushered in not only new eras in the political and industrial life of the nations of the world but succeeded after many centuries of tireless effort in democratizing all education. Prior to this epoch of "revolution" education was the sole possession of a limited, aristocratic class, trained for the most part in classical literature. Labor, on the other hand, was found on the farm—tilling the soil. Agriculture was still in a primitive state. The invention of machinery moved the farmer from agriculture to the factory of industry. From the farm in the country to the factory in the city. Thus came the rise of the factory system, with the concomitant movement of millions of men and women from rural to urban communities. This movement revolutionized the education of the masses of mankind seeking equal opportunities of education and culture for their children. Thus arose democracy in education.

Napoleon Bonaparte passed quickly from Waterloo to a lonely exile in St. Helena. A gasping world lapsed once more into black reaction. The reign of the despots, however, was destined to be short lived. Prince Metternich, the Prime Minister of Austria, representing the great monarchies of Austria, Germany, Russia, and Spain, attempted to make the world safe for absolute monarchy through his conception of the Holy Alliance.

The purpose of this alliance was to check the growth of democracy and give back the Republics of South America to Spain, from whom they had revolted, as well as to establish a kingdom in Mexico. Metternich was checkmated with remarkable celerity by our own great President James Monroe and his memorable Monroe doctrine, which said to the monarchs of this Holy Alliance, "So far canst thou go, but no farther." That an attempt to further monarchy in South or North America would be considered an overt act, yea, a declaration of war. That move of Monroe challenged the progress of monarchy. A century later the immortal Woodrow Wilson was to reecho Monroe's sentiments in his enunciating the aim of the Allies in the World War to "make the world safe for democracy." That philosophic sentiment of our entrance into the World War will live on through the ages as the challenge of democracy to monarchy to survive and to rule the destinies of the world. [Applause.] Armistice Day, 1918, witnessed the crumbling of three great despotisms, Russia, Germany, and Austria. As a consequence of the great conflagration that engulfed the world in the second decade of the twentieth century the houses of Hohenzollern, Hapsburg, and Romanoff were reduced to ashes and dust. [Applause.] Monarchy was destroyed; democracy triumphed. In monarchies' places stood the new Republics of Poland, Czechoslovakia, Austria, Germany, and Russia. These Republics were warmly welcomed into the society of nations by President Wilson and their sovereignty approved by the Congress of the United States, while the citizens of our Republic granted



them material aid and comfort in their great hour of need. [Applause.]

Let us pause at this juncture to examine briefly the growth and development of the most noteworthy product of the industrial revolution, namely, the economic system of capitalism. Capitalism is purely an individualistic view of the economic categories of production, distribution, exchange, and consumption of wealth, just as political democracy guarantees the complete separation of the legislative, executive, and judicial functions of the state.

The philosophy of capitalism insures free economic competition among all human beings and equal economic opportunities regardless of heredity, race, or religion. Theoretically it is the finest economic system ever devised by the mind of man. It judges all human beings wholly impersonally and, aided by political democracy, safeguards for all men and women the fruits of their economic toil. The keystone of the arch of the capitalistic system is composed of the trilogy of private property, individual labor, and human liberty in all its aspects.

Of all the nations of western Europe, Russia was the only one prior to the World War which had been almost wholly untouched by the industrial revolution and had not been subjected to the economic benefits of capitalism. Under the Czars, the great Russian Empire was politically a despotic monarchy and economically a feudal relic of the Middle Ages. The Bolsheviks, or communists, therefore, found fertile soil for their economic and political doctrines when they overthrew the Kerensky government in November of 1917 and established the Union of Socialist Soviet Republics under the leadership of Nikolai Lenin and Leon Trotsky. With one fell swoop they overthrew the philosophy of democracy and capitalism and substituted policies which had frequently been contemplated in theory by the great intellects of the world, but which had never before been subjected to practical experimentation in a large country.

What is this great Russian experiment? Just as capitalism and democracy rest on a trilogy of private property, individual labor, and human liberty, so communism and sovietism, their direct antithesis, also rest on a trilogy—first, all land, property, and capital belong to the state.

Second, all labor is employed and directed by the state at rates of compensation rigidly fixed by the state.

Third, human liberty in all its aspects, such as freedom of the press, freedom of lawful assemblage, freedom of speech, and freedom of religion, are expressly and unreservedly denied to all individuals and are the exclusive privileges of the state. Thus, for the first time since the feudal system swayed the world, a spartan state has arisen which fearlessly and cynically challenges the rule of democracy and capitalism.

Ladies and gentlemen of the House, this despotic, autocratic oligarchy, under the name of communism, constitutes to my way of thinking the first serious challenge to the dominant ideals of democracy which have heretofore been triumphant in the western world.

Communism is fundamentally a new religion. It is a great state and secular denomination. It substitutes the attributes, the virtues, and qualities of God to the state itself. The state instead of God is supreme. Through the system of starvation of any minister, priest, or rabbi, who does not conform to their religious policies, they exile them to Siberia and ruthlessly suppress and destroy every other form of worship of God. Communism believes in the here instead of the hereafter. It relegates the belief in a divine Providence to the realm of fiction and superstition.

This new religion has Karl Marx as god of the state. Its Jesus of Nazareth is Lenin. Its St. Peter is Stalin. Its St. Paul is Trotsky. Its ideals in philosophy, economics, and government is its new creed. In the union of the church and state as one it has perfected a new bible. In this bible it excoriates democracy. It pillories capitalism. It weeps over an industrial system that exploits labor. In clarion tones it cries aloud for world revolution.

Overproduction one year and underproduction the next year dislocate the markets of the world and bring in their wake chaos, wastefulness, panics, unemployment, war, and finally revolt. Communism challenges the institutions known as the family, religion, property, marriage—yes, even patriotism. It seeks their destruction. The communistic bible of the state is a bitter indictment against the present social order.

It is a philosophy of life. It is a program of action. It is a promise of a future goal. It preaches a new declaration of authority. The dictatorship of the proletariat—a dictatorship that will forever abolish poverty, misery, hunger, and want. It will inaugurate the golden age of a happy humanity that will bring into realization true Christianity founded upon the ideal Utopia, from each according to his capacity, to each according to his need, thus bringing about through communism the su-

premacy of the state and the brotherhood of man. This is the creed. This is the Bible. This is the philosophy. This is the religion of communism.

But, lofty as are these ideals and splendid as are these dreams of an Utopia, there arise occasions in the life of an individual, as well as in that of a nation, when the end does not justify the means.

In Russia it is the bullet; in the United States it is the ballot. [Applause.] But granting that these Utopian ideals could be realized by the ballot, I am still opposed to the principles of communism. Why? Because deep within each individual is ingrained the cry of the soul for liberty, of the heart for freedom, and of the mind for self-expression. [Applause.] Rather than be a bird in a gilded cage surrounded by all the material comforts that make for happiness, I, for one, would prefer the liberty of thought, conscience, and action. [Applause.]

Communism deprives an individual of the incentive to live. It robs him of individual hope, faith, and ambition. It makes him a mechanical automaton or robot in the realm of life. The herd selfishness is substituted for the individual happiness.

Communism says to you and me, "Sell me that birthright which you have attained after so many centuries of struggle. Give up your liberty. Give up your freedom. Give up your democracy. Give up your aspirations to immortality; your inspirations of divinity. Give up all these cherished traditions. In return we will afford you a modicum of comfort and material possessions."

But, Mr. Speaker, ladies, and gentlemen, my answer to them is in the immortal words of that great Virginian, the Old Dominion's illustrious patriot, Patrick Henry, whose clarion voice electrified the House of Burgesses when he said, "Give me liberty or give me death." [Applause.]

Communism scoffs at our democratic parliamentary form of government. It ignores the individual entirely. It is frankly skeptical of either his willingness or ability to govern himself. The state is all important in politics as it is in religion.

Economically, to complete the final plans of the communistic trilogy, the soviet state is perhaps on its strongest ground. It is therefore the most dangerous as far as our form of civilization and democracy is concerned. In Russia the state controls all commerce whether industrial or agricultural in character. Private enterprise is denied any right to exist. Mindful of the fact that under the Czars the industrial revolution had not reached Russia, the soviet leaders are attempting an ambitious scheme. To me it is the most enterprising plan in the entire history of economic life.

It will attempt to mechanize and socialize Russia both in urban and rural life in a period of five years. It will organize industry and agriculture so powerfully as an armed unit in five years as to challenge any nation in times of peace or in times of war. The torch of communism must undermine all nations of the world. It must spread the gospel of discord, dissension, strife, and strike to all the workers of the world. It must plan and plot rebellion and revolution everywhere. Communism exploits its workmen under the pretext of nationalism to capitalize their blood to finance world revolution. A new war is in the offing. Within the next decade this menace will manifest itself. In the United States it is already knocking at the door of all industry. The next great conflagration will be the world revolution. Communism will challenge the right of democracy to live and to survive. All previous wars will pale into utter insignificance when history records the roll of horror which the communist fury will loosen upon an unfortunate and innocent world. But mark my prediction: In the bitter end communism will be destroyed, while democracy triumphs. [Applause.]

It took capitalistic and democratic systems 150 years to bring the industrial revolution to fruition—through individual effort. Communism expects to accomplish the same purpose in five years through state effort, through conscripting capital and mass labor to accomplish the result and conquer the world to its ideal.

Thus we behold Soviet Russia, challenging the western world on all three battle fronts—religious, political, and economic. How shall we of the West meet this octopus of the East?

Externally we must guard ourselves against the infiltration of soviet propaganda. Their paid propagandists must be deported. [Applause.] However, as long as Soviet Russia is content to conduct its experiment within its own borders and does not attempt to proselytize the rest of the world, its sovereignty should be respected by other nations, including our own.

Internally, we must apply a medical curative. We should immunize ourselves, so that even if the contagious germs of communistic bacteria do infect our body politic we shall be able to resist them and throw them off. [Applause.] I do not be-

Heve that the imprisonment of those who advocate communist doctrine in this country would be beneficial. You may imprison an individual but you can not effectively imprison an idea. You can not chain a political concept. You can not shackle or enslave an economic philosophy.

We must set our own house in order, and treat the causes rather than the symptoms or effects of economic ills. To meet the dangers of communistic propaganda we must improve the temple of democracy in the United States. Four great constructive economic changes must be wrought in our country.

Firstly, the abolition of child labor. Children under 16 years of age should never be compelled through the force of economic circumstances to work in the mill, the mine, the loom, or the factory. Their frail bodies belong to the schoolhouse [applause], there to receive the education and the culture that will develop a sound mind in a healthy body. [Applause.] Capital has no right to offer their humble bodies in the quarries of industry, to compete with labor that justly and rightfully belongs to the older men. [Applause.]

Secondly, the scientific treatment of the unemployment condition. In a land of plenty and prosperity 5,000,000 people without employment is a tragedy. It is a sad commentary upon the civilization of our day that men and women with families and children dependent upon them, willing to work, should be unable to find employment. Unemployment brings about a subnormal standard of living, untold anxiety, bitter discouragement, and disappointment, and unless corrected leads to poverty, penury, and pauperism.

Labor is the producer of capital. It should, therefore, be entitled to a fair share of the distribution of the wealth it creates. With progress that democracy constantly advocates perhaps the day is not far distant when social insurance will provide the necessary means to provide for the worker when unemployment knocks upon his door. Prosperity by presidential proclamation is a myth. Prosperity through the scientific solution of unemployment can be made realization. [Applause.]

Thirdly, the establishment of nation-wide old-age pensions. Modern society pensions in the name of patriotism the soldier who bares his breast to shot and shell to defend his nation's honor upon the field of battle in times of war. Why not pension, in the name of humanity, the old fathers and mothers who in old age find themselves bereft of support and have to join the last great pilgrimage whose caravan is sadly marching over the hill to the poorhouse and almshouse? If patriotism inspires us to pension the soldier, how much more patriotic is it to pension the old fathers and mothers who have given up their lives upon the industrial field of peace and honor to make our Republic the greatest in all the world. [Applause.]

Fourthly, and most important, we must counteract the effects of mergers, concentrations, and combinations of big business which are threatening to exterminate the middle class, the backbone of our individualistic, capitalistic, and democratic system with frightful celerity. The great Governor of New York, Franklin D. Roosevelt, last Fourth of July in an address declared the mergers of big business are creating a system of economic feudalism in which all property will be in a few hands and the rest of us will be economic serfs. [Applause.]

Such a view is borne out by the trend of recent events. The mergers of big business have been so great as to veritably beggar description. They create uneasiness and discontent. They are false to the fundamental philosophy of economic capitalism. [Applause.] They tend inevitably to concentrate the separate functions of the production, distribution, exchange, and consumption of wealth in a few hands and usurp all those powers by completely destroying all competition and reducing the middle class to penury and want. [Applause.] Paradoxical as it may seem, the best friends of the communists in this country are the promoters of these giant mergers.

They are preparing fertile soil for soviet propaganda. They are weakening our national resistance in the inevitable conflict that will have to come between communism and sovietism on one side and political democracy, capitalism, and individual liberty on the other.

Mr. Speaker, ladies and gentlemen, before we make the world safe for democracy let us make the United States safe for democracy. Lest we forget, let us always remember that monarchies have been destroyed by poverty, republics through wealth, and that communism will be destroyed by democracy, because it denies to every human being the inalienable right to the pursuit of life, liberty, and happiness by denying to its people freedom of speech, freedom of assembly, freedom of the press, and above all, freedom to worship God in conformity with a man's own conscience. [Applause.]

Mr. Speaker, I shall be glad to yield to any of the Members who might like to ask questions.

Mr. WAINWRIGHT. Will the gentleman yield?

Mr. SIROVICH. I will be glad to yield to the gentleman.

Mr. WAINWRIGHT. I thought perhaps the gentleman from New York [Mr. SIROVICH] might refer to the fact that the Legislature of the State of New York has just passed an old-age pension act.

Mr. SIROVICH. I am proud to inform the distinguished gentleman from New York [Mr. WAINWRIGHT] that a speech that I made two years ago on the floor of the House was quite helpful in passing that old-age pension law, that has since been adopted by 9 or 10 States of the Union and by 4 more throughout our Republic in the next year. [Applause.]

I would like to see the Rules Committee and the Labor Committee report out the bill that I have introduced providing for old-age pensions, which will help this great Republic do what all of the other nations of the world have done.

For the benefit of you ladies and gentlemen, let me tell you that every civilized nation of the world has already adopted the principle of old-age pensions with the exception of China, India, and the United States, and I am waging this battle to see the United States leave the company of China and India before they surpass us in that field. [Applause.]

Mr. LOZIER. Will the gentleman yield?

Mr. SIROVICH. I yield to the gentleman from Missouri.

Mr. LOZIER. Much has been said in the last year or two about the English dole system. I understand that practically 60 or 70 per cent of all the money paid out in England in the form of doles represents funds or relief which has been purchased by a system of workmen's insurance and does not represent a bounty or gift from the government.

Has the gentleman taken into consideration or given any considerable thought to the question as to how far a system of workmen's insurance would assist in alleviating the conditions to which the gentleman has referred with reference to unemployment?

Mr. SIROVICH. I would be pleased to answer the question of the distinguished gentleman from Missouri [Mr. LOZIER]. Twenty-eight governments of the world, Mr. Speaker and ladies and gentlemen, have adopted the principle of contributory compulsory old-age pensions. That means individual contributions of from 3 to 5 per cent of the salary every week by the employee, the employer contributing an equal amount, and the state a third amount. This compulsory contributory form of old-age pension was put into operation first by Bismarck in 1889 in order to show the great social democracies of Germany that Germany was willing to help its working people through the instrumentality of the state. In 1909 that great Englishman, Lord Asquith, introduced the principle in England, and it was introduced in 1917-18 in France. So that Germany to-day takes care of 20,000,000 of its working people, England, 16,000,000, and France 7,500,000, who, under the influence of old-age pensions, workmen's compensation, employers' liability, social insurance, sickness insurance, and unemployment insurance, receive the benefit that the gentleman from Missouri has spoken of. There are 10 governments of the world who have what we call the noncontributory form of old-age pensions, which is a straight pension system. When a man arrives at the age of 65, irrespective of contribution to funds, he is pensioned. Such forms of pension are found in Austria, Canada, New Zealand, and Denmark. Two countries that have the voluntary-saving plan are Japan and Spain, in which the workman has permission to take off a certain amount of his money every week, and the government applies the same amount, and when the man arrives at the age of 65 that is given to him yearly as a pension, and he is looked after during sickness.

So all the governments of the world have provided for some form of old-age dependency, with the exception of China, India, and the United States.

Mr. JONES of Texas. Will the gentleman yield?

Mr. SIROVICH. I yield.

Mr. JONES of Texas. I am very much interested in the gentleman's discussion and appreciate his investigation in the different nations that have tried the contributory method of pensions to which the gentleman has referred. Has any plan been devised to take care of the agricultural sections, for instance, which do not have a pay roll or provision for such contribution? I am asking that historically. I would like to know how that is taken care of.

Mr. SIROVICH. Every workman—and that includes agriculturists—is included in the pension system.

Mr. JONES of Texas. But the farmers do not have a regular form of income. I am not asking this for the purpose of embarrassing the gentleman, but I am wondering if there is provision made to take care of that class of workers.

Mr. SIROVICH. Every individual who works at physical labor or mental labor, irrespective of where he works, is provided for in this old-age pension.



Mr. JONES of Texas. But I was speaking of the historic connection, where the gentleman from New York said there were certain countries in which old-age pensions were permitted, where the worker contributed part and the state contributed part.

Mr. SIROVICH. They contribute it through the medium of taxation. That is how the agricultural class takes care of it.

Mr. MOORE of Virginia. Will the gentleman yield?

Mr. SIROVICH. I yield gladly.

Mr. MOORE of Virginia. I would not inject myself into the speech of the gentleman except for his fine allusion to the history of Virginia. I would like to ask the gentleman whether he believes that the effort to eliminate religion from the life of the people of Russia will be successful, considering the failure of any such effort that has ever been made in any other country?

Mr. SIROVICH. My concept is that there never has been a war in any nation of the world in which that nation tried to destroy religion but that in the end the nation was ultimately destroyed itself.

In the French Revolution, during the triumvirate of Robespierre, Marat, and Mirabeau, they did exactly as Russia is doing at the present time. They placed upon the pedestal of the Lord Almighty the goddess of reason. So in time the goddess of reason crumbled. I am sure the distinguished and lovable Chaplain of the House, Rev. James Shera Montgomery, who sits before me, will agree with me that when reason ends, there is where faith begins, and that is why religion can never be destroyed. [Applause.]

Mr. MOORE of Virginia. The gentleman, of course, remembers that not only did the French revolutionists make the goddess of reason the only deity they would worship, but that they abolished Sunday and any day of rest and closed the churches. Nevertheless, after a while the antireligious adventure upon which they had entered proved to be an absolute failure.

Mr. SIROVICH. Let me answer the distinguished gentleman from Virginia. That in order to destroy religion in Russia, the Soviet Government has perfected the continuous working week. This adoption of a continuous working week means the elimination of Sunday as a general holiday, thereby taking away from the remnant of the church in the Soviet Union one of its last and strongest footholds.

By doing away with Sunday as a general religious holy day, the churches find themselves deprived of those who would want to worship God in conformity with their traditions.

A minister is not given the permission to vote in the soviet government. He is not permitted to raise any funds. The soviets do not permit parents to give religious education to their children until they arrive at the age of 18. So in conformity with the philosophy of Richelieu, who was the Prime Minister of Louis XIII, the soviets say in Russia, "Give me the children up to the years of 18, when we can fertilize their minds with our dogmas and teachings, and saturate their hearts and souls with our philosophy and our atheism, and we do not care who makes the laws." They are starving the ministers, priests, and rabbis. If a minister should arise in a pulpit and give vent to a sentiment which was in conformity with the teachings of Christ, he would be sent to Siberia or be silently executed.

Mr. O'CONNOR of New York. Will the gentleman yield?

Mr. SIROVICH. Yes.

Mr. O'CONNOR of New York. I thought when the gentleman started to talk, he was going to devote more time to the religious situation in Russia. I was interested to hear whether or not he thought the philosophy of communism was any form of religion. Most people call it atheism. I was interested also in following that up to see if the gentleman had any reason for the alleged growth of atheism in this country. Many people say that a big majority of those who come out of our colleges to-day are atheists or agnostics. Would the gentleman attribute that to the wave of communism that is transporting itself from Russia to America?

Mr. SIROVICH. Mr. Speaker, ladies and gentlemen, when our Government was founded we had as many atheists then as we have to-day. I think the greatest atheist of his time was Thomas Paine, one of the men who helped to frame the Declaration of Independence. It was men of his stamp who kept the word "God" out of the Constitution of the United States, and the reason, I understand, that God was kept out at that time was the thought that if King George III ruled by the divine right of God and persecuted our colonial forbears they did not care to have that God in the Constitution of the United States. However, in this great democracy the most beautiful thing I love about it is that when a man, be he Catholic, Protestant, or Jew, goes into his temple the Government of the United States puts all the power of the Government behind him in order to pro-

tect him in his right to worship God in conformity with the dictates of his conscience. [Applause.] And what is even more beautiful, we protect the atheist and agnostic in this country just as well. That is the beauty of democracy. On the contrary, in Russia the state is God; the state is supreme; if you do anything against the state it is not only blasphemy but it is treason.

Mr. DICKSTEIN. Will the gentleman yield?

Mr. SIROVICH. Yes.

Mr. DICKSTEIN. Is it not a fact that they want to make Russia, under the soviet government, a godless country?

Mr. SIROVICH. The question which the gentleman from New York asks me is whether they want to make it a godless country. They have to-day almost 3,000,000 men and women who under the philosophy of atheism are preaching their gospel of economic, philosophic, and religious views in the schools and all over the world for the purpose of trying to break down that ingrained tradition which the centuries of religious inculcation has brought into the heart and soul of the Russian. The communists laugh at the innocent peasant; they mock him; they jeer him, feeling that ridicule will destroy his faith in God. Through a process of starvation and denial of the right to vote on the part of a minister as a citizen of the soviet government they are trying to break down his morale in the faith and very existence of God. The communists have no hesitancy in saying through those who preach their gospel that if God wants to preserve the various religious denominations that are in existence in Russia let Him do so, but the communists will not grant Him any assistance. Let the ministers and priests stand upon their own faith, without any outside help from the communists.

So if the civilized nations of the world permit the Government of Russia to interfere with minority rights, which is the inherent privilege of men upon this earth, then in time religion in Russia will be destroyed. But I have faith in God; I have faith in reason. I think the time will come in the next 5 or 10 years when Russia, which is going through a process of revolution, industrially, agriculturally, and economically, will send its surplus products into the markets of the world, there undersell its competitors, which will lead into another economic world war. To-day Russia, through paid propagandists is breeding sedition, discord, strike, and rebellion in all the civilized countries of the world. This, too, will hasten the world revolution and bring on a world war in which Russia will fall and collapse. You can not substitute the tyranny of communism for the autocracy of czarism. The pendulum in Russia has swung from one extreme of czarism to another extreme of Bolshevism.

Mr. Speaker, ladies, and gentlemen, czarism is democracy from above pushing downward, while communism is democracy from below pushing upward, and the result will be that the people in between them will be crushed. [Applause.]

Mr. O'CONNOR of New York. Will the gentleman yield again?

Mr. SIROVICH. I yield.

Mr. O'CONNOR of New York. Does the gentleman spell out of this philosophy of communism any form of religion at all?

Mr. SIROVICH. I stated that during the development of my speech. Communism is a state religion. The state is substituted for God. The state is supreme. No other religion can take its place.

Mr. O'CONNOR of New York. The reason I ask the question is this. Of course, I feel as deeply and as keenly about what is going on in Russia as anybody, but, historically, other nations have forbidden certain religions.

There stands out in everybody's mind what Turkey always did with respect to the Christian religion, and only the other day I noticed that China refused to permit the exhibition of the moving picture Ben Hur on the ground it portrays Christianity, which, to their mind, is a "superstition." If Russia is abolishing all religions and if there is nothing like religion there, she stands in a peculiar position in the world. If she is only seeking to abolish Christianity, some other nations have done that heretofore and are doing it to-day.

Mr. SIROVICH. Mr. Speaker, my answer to my distinguished colleague from New York is this: You know that you can get to Washington from any direction. You can come from the North, from the South or from the West, and you can even come from the East to Washington. So when our forefathers founded our Republic they figuratively or metaphorically said that God was Washington. Many religions have different roads that ultimately lead to God, as different roads lead to Washington.

One road that goes into God's bosom is called the Protestant road, a second road is the Catholic road, a third is the Jewish road, a fourth is the Confucian road, and a fifth is the Mohammedan road. I do not care what road a man takes so long as

the road leads directly to God and respects His omnipotent powers. [Applause.] True liberty consists in respecting the rights and freedom of every man's worship, be he theist or atheist. [Applause.]

Mr. Speaker, I want to thank the House for the cordial attention they have given me and the gracious manner in which my remarks have been received by the membership of this historic forum. [Applause.]

#### SARATOGA BATTLE FIELD

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that I may extend my remarks on the bill (H. R. 9334) with respect to the Saratoga battle field, passed by the House on April 7.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DICKSTEIN. Mr. Speaker, I am heartily in favor of the bill (H. R. 9334) authorizing the Secretary of War to make a study, investigation, and survey of the battle field of Saratoga.

I had the pleasure of introducing a similar resolution (H. Con. Res. 18) early in the year, the resolution providing for a committee to be appointed by the Speaker of the House and the President of the Senate, to study the subject.

This bill, however, leaves the matter to the attention of the War Department and will likewise serve the purpose.

The report of the Committee on Military Affairs indicates very clearly how important the Battle of Saratoga was in the war of our American independence.

It was the turning point in our struggle, and from that time onward American arms were victorious and our victory over the British assured.

The leader of the British forces against America at Saratoga was General Burgoyne, whose name is quite familiar to a good many American readers, due to a recent very interesting biography written by Huddleston under the title of "Gentleman Johnny Burgoyne." He was opposed by our General Gates and General Arnold, and his entire army surrendered. This was the first time that a British force of the magnitude of Burgoyne's division surrendered to an inferior American army, and it was the first real victory of the War of Independence, if we overlook for a moment little skirmishes here and there which might have been victorious for our Army.

The resolution introduced by me was suggested by the governor of our State, Franklin D. Roosevelt, and it was he who urged Senator WAGNER and myself to do all in our power to bring about the establishment of the Saratoga battle field as a national museum.

The governor had no definite plan as to just what and how this was to be accomplished, nor has my resolution suggested any definite program for the solution of the question. As a matter of fact, the bill reported by the Committee on Military Affairs, which is before the House now, also deals exclusively with a survey to be made on the situation and does not specifically arrange any particular method in the solution of this question.

The State of New York has an investment of practically a quarter of a million dollars in the Saratoga battle field.

The acquisition and rehabilitation of this field was begun in 1926. From 1777 until 1926 the field in which was fought the Battle of Saratoga, one of the 15 decisive battles of the world and the one that was the most far-reaching in its results of any fought during the Revolutionary War, was practically neglected.

Beginning with the acquisition of four farms in 1926, the State has now acquired 1,400 acres, containing most of the important points of historic interest in the field, and has made the beginning of an intelligent restoration of the field as it was at the time of the battle. A few military structures have been built on the field as they were at the time of the battle. Fort Neilson has been replaced by a 2-story blockhouse, constructed of rough-hewn white-oak timbers, contained in buildings that have been on the field since the time of the battle, loop-holed in both stories for rifle fire, and with embrasures on the ground floor for cannon. The old powder magazine used by the American forces has been rebuilt from the original stones and in the form it was at the time of the battle. The building occupied by Generals Poor and Learned as their headquarters during the battle, which was afterwards used as part of one of the Neilson farm buildings, has been removed to the spot that it occupied during the battle and restored to its original condition, and another building similar to that used by General Arnold as his headquarters has also been erected, together with a flagpole, markers of the principal points of interest on the field, and a pavilion marking the cemetery in which were buried 1,500

American soldiers. The old house on the Freeman farm, which was inside the British lines, also has been restored, and a monument erected on the site of the Brayman redoubt, where General Arnold was wounded while leading a charge that broke the British lines.

Beyond that, and the erection of a few simple monuments and the laying out of roads leading to the more important parts of the field, nothing has been done, and care has been taken in the restoration thus far undertaken not to interfere with any future work in the way of restoring and marking the field as it was at the time of the battle.

In the defeat of General Burgoyne's forces at Saratoga the Colonial troops made possible the ultimate freedom of the American Colonies, insured the independence of the United States, and created a world power.

The field is not properly the possession of any one State, it should belong to the whole American people, and should be developed as a national possession. Such was the original plan in 1925 when the movement which culminated in the acquisition and rehabilitation of the field began. Owing to the fact that it was impossible at that time to obtain an appropriation from the National Government the purchase and rehabilitation was undertaken by the State and subsequent purchases have placed in public ownership the greater part of the field.

The future development of the field should be a national undertaking. This year over a quarter of a million visitors from all parts of the United States—in fact, from all parts of the world—visited the field, as shown by the register kept in the Fort Neilson blockhouse. The field is visited and studied by army officers of all nations, by students of history, by patriotic societies, and by organizations of all kinds. It is a point of preeminent interest in American history and should be a national patriotic shrine.

It is, therefore, clear that not only the State of New York has a great interest in the development of the battle field but that the Nation should do all in its power to preserve this historical monument for our children and children's children.

Lieut. Col. H. L. Landers, of the historical section, Army War College, who is engaged in the study of the battle field of Saratoga, makes the following statement:

The United States declared its independence on the 4th day of July, 1776. Shortly thereafter the new Nation sent three commissioners to France, Benjamin Franklin, Silas Deane, and Arthur Lee, to negotiate with that country for supplies and to effect an alliance. The French Government professed a real friendship for the commissioners and wished success to their cause, but until the revolutionists were successful on the field of battle France would not break with England.

On the 17th of October, 1777, the army of Lieut. Gen. John Burgoyne surrendered to Maj. Gen. Horatio Gates at Saratoga. A copy of the articles of convention was sent to the commissioners by the American Committee of Foreign Affairs on the 31st of October, 1777. The letter transmitting the articles said in part:

"We rely on your wisdom and care to make the best and most immediate use of this intelligence to depress our enemies and produce essential aid to our cause in Europe \* \* \*. We are sensible how essential European aid must be to the final establishment and security of American freedom and independence."

The news of Burgoyne's surrender reached France by a packet from Boston. It "apparently occasioned as much general joy in France," wrote the commissioners, "as if it had been a victory of their own troops over their own enemies, such is the universal, warm, and sincere good will and attachment to us and our cause in this Nation."

The commissioners took this opportunity to urge the ministry to act on the proposed treaty, which had been under consideration so long. A meeting was accordingly arranged for the 12th of December, at which a final accord was reached. As the concurrence of Spain was necessary, a courier was dispatched to that country the following day to obtain its agreement.

On the 6th of February, 1778, two treaties were signed with France. One was a treaty of amity and commerce, the other a treaty of alliance, in which it was stipulated that in case England declared war against France, or occasioned a war by attempts to hinder her commerce with the United States, the two countries would then make common cause of it and join their forces and councils. The great aim of the treaty was declared to be to "establish the liberty, sovereignty, and independence, absolute and unlimited, of the United States, as well in matters of government as commerce."

From 1778 to 1781 France furnished money, supplies, ships, and men to the United States. With the aid of her fleet, control of the sea was gained by the allied nations in the fall of 1781 and the army of Cornwallis was forced to surrender at Yorktown.

In all likelihood the war for independence would not have terminated with success to the new Nation had it not been for the assistance given by France. This assistance was given only as a result of the surrender of the British Army at Saratoga.



We hope and expect that this survey to be made by the War Department will enable the authorities to make a comprehensive plan for the proper development of Saratoga as a national shrine.

#### PROHIBITION ENFORCEMENT

The **SPEAKER** pro tempore. Under the special order of the House the gentleman from Massachusetts [Mr. STOBBS] is recognized for 30 minutes. [Applause.]

Mr. STOBBS. Mr. Speaker, ladies and gentlemen of the House, in view of the widespread publicity, through the press and otherwise, which has been given to a letter from the Department of Justice addressed to the chairman of the House Committee on the Judiciary in reference to certain bills pending before said committee, it would seem only fair to refute publicly some of the objections and criticisms urged in said letter against said proposed legislation.

At the outset I wish to state I have only the greatest admiration and the most profound respect for the legal ability and the personality of the head of the Department of Justice, and although it is an open secret that the letter in question was written by some one else in the department, it is to be assumed that because the letter was signed by the Attorney General personally it represents the policy and the viewpoint of the Department of Justice, and it is to that policy and that viewpoint that I wish to take emphatic exception.

H. R. 9985, one of the bills in question, happens to have been introduced by me, and it is to that particular bill that I wish to direct your attention. Briefly, it provides for an amendment to the so-called Jones-Stalker Act by striking out the proviso which was attached to the original bill when it was considered in the Senate, which provided that the court when imposing sentence under the act should discriminate between casual or slight violations and habitual sales of intoxicating liquor, or attempts to commercialize violation of the law, and inserting in lieu thereof certain definitions of so-called minor infractions of the prohibition law and providing for a penalty for these of a fine not to exceed \$500 or confinement in jail without hard labor not to exceed six months, or both.

The phraseology of these definitions which, as will be seen, is so objectionable to the Department of Justice was copied exactly word for word from the recommendation of legislation proposed by the Law Enforcement Commission as set forth and contained in the message from the President of the United States submitted to Congress as of January 13, 1930, accompanied by a letter from the Attorney General indorsing, in effect, the legislation proposed. The only difference between the measure embodying these definitions in the commission report and H. R. 9985 is that in the one the casual and slight violations referred to in the Jones Act are defined for purposes of prosecution, while in H. R. 9985 they are set forth as an amendment to the substantive law.

That some definition of these casual or slight violations referred to in the Jones Act is advisable is made clear by the members of the commission in their report to the President—see pages 17 to 21—and that a clear-cut amendment to the Jones-Stalker Act defining these minor offenses is more advisable than for purposes of prosecution only was made even more clear by the statement of the Hon. George W. Wickersham, chairman of the Law Enforcement Commission, at the hearing before the Senate Committee on the Judiciary held March 17, 1930, when he stated most emphatically—see page 29 of the hearings:

I think that some legislation should be enacted with respect to the modification of the Jones Act, which covers the offenses indiscriminately under the classification of felonies—with the exception of possession or maintaining a nuisance. That is contrary to what I think is sound legislative policy. I do not think you ever can enforce law more effectively by putting extreme penalties on minor violations of the law.

We have the anomalous situation, therefore, of legislation which is publicly approved and indorsed by the chairman of the Commission on Law Enforcement, a former Attorney General of the United States, appointed by the President of the United States to make an exhaustive study of law enforcement, being criticized and disapproved by the Department of Justice. We have the curious inconsistency in policy of the Department of Justice in approving and indorsing the definition of slight or casual violations under the Jones Act for purposes of prosecution—where it is left optional with the district attorney, in case the defendant does not want to accept sentence imposed if prosecuted for one of these minor violations, to indict for a more serious offense, with the possibility of a more severe sentence or penalty if found guilty—but objecting to the same as a part of the substantive law.

In other words, these minor offenses as defined for purposes of prosecution are approved by the Department of Justice when they may be utilized as a club over the head of the defendant to compel him to accept and take a sentence imposed under them, but are disapproved when they are inserted as a part of the substantive law to be availed of by the defendant as a matter of right if he has committed only a minor infraction of the prohibition law. Aside from the injustice to the defendant, such a policy is fundamentally wrong, in that it creates an artificial distinction, for trial purposes, of offenses involving the same set of facts at the discretion of the prosecuting officer.

What are some of the objections to H. R. 9985 set forth in the letter from the Department of Justice to the chairman of the House Judiciary Committee?

First of all is its inexactness of definition. It has already been indicated that the phraseology of definition is the same as that used in the commission's report and approved by the Department of Justice, if to be used in connection with purposes of prosecution. But more specifically, the word "habitual" in connection with violations is criticized as being too indefinite and as likely to result in vexatious litigation. "Habitual" is a word very commonly used in criminal legal phraseology—habitual gambler, habitual drunkard, common and habitual street-walker, or habitual and common scold. All these have been used in defining crimes from time immemorial and have received well-recognized judicial interpretation. Furthermore, the word "habitual" is used in the very phraseology of the proviso in the Jones Act itself. If acceptable in that connection as not being indefinite, surely it ought not to be objected to on the score of being indefinite when used in the same act in a different connection.

The further objection that "an habitual offender" is one who has been previously convicted in court does not necessarily follow in the light of the well-defined and common usage of the word in legal parlance.

The word "casual" employee, similarly criticized, is used in the workmen's compensation acts throughout the country, and the word "casual" is likewise used in the proviso of the Jones Act itself.

The term "small quantities," also objected to, has been used in various statutes throughout the country. So much for the definitions.

The second objection urged is that the legislation is unnecessary, in that—quoting from the letter:

It has been the experience of the department that both United States attorneys and judges have, in general, carefully observed the admonition of Congress to deal fairly, according to the character of the offense. The departures from that policy consist rather in leniency than in severity.

What does the evidence show in respect of this statement?

In one district, that of northern Michigan, the testimony of Prohibition Administrator Thomas D. Stone, given before the Commission on Law Enforcement, showed that for a period of five months prior to December 31, 1929, 85 per cent of the offenders convicted under the Jones Act were given sentences to serve in the penitentiary, these sentences varying from one to five years, all being first offenders. From the survey made under the direction of the Prohibition Department it was shown that in the northern district of Georgia, for a period of nine months prior to December 31, 1929, the prison sentences given under the Jones Act exceeded the total prison sentences given for liquor violations during the 5-year period previous. In the middle district of Georgia for the period between November 4 and November 27, 1929, 21 defendants were sent to the penitentiary. In the northern district of Oklahoma a 5-year sentence was given to a first offender. In the western district of Arkansas the survey shows that severe sentences were being imposed, and the United States attorney is quoted as saying that there are no such offenses as petty violation of the United States law.

The climax comes in a case in the northern district of West Virginia, where a man convicted of the sale of two drinks for 50 cents each, was sentenced to two years hard labor in the penitentiary. On a review of this case by the circuit court of appeals, Judge Waddill stated in a dissenting opinion that a \$1,000 fine and six months in jail was ample sentence for this class of offense.

Does the disposition of these cases under the Jones Act bear out the statement in the letter from the Department of Justice that our Federal judges are consistently construing the admonition of Congress, as contained in the proviso in the Jones Act, and are inclining toward leniency rather than severity?

Furthermore, the wide discretion given under the Jones Act to judges tends to great inequality in administration and in the imposition of sentences, sometimes within the borders of the

same State, with consequent resulting feeling of great injustice on the part of those affected. In Bay City, Mich., in the northern district, as previously shown by the testimony of Prohibition Administrator Thomas D. Stone before the Commission on Law Enforcement, for a period of five months prior to December 31, 1929, 85 per cent of the defendants convicted under the Jones Act were sentenced to the penitentiary with sentences of from one to five years, while in the southern district of the same State, all pleas of guilty of offenses under the national prohibition law resulted in fines and no sentences of imprisonment were given for a first offense.

From the survey of the Prohibition Department it appears that in the northern district of Georgia for a period of nine months prior to December 31, 1929, the prison sentences given for violation of the national prohibition law exceeded in amount the total given for liquor-law violations for a previous period of five years. In the same State in the middle district defendants convicted under the Jones Act are sent to the penitentiary for first offenses in some cases, while the court in the southern district, in the same State, is known for being lenient in the imposition of sentences.

In Oklahoma, in the northern district, the survey shows that severe sentences are imposed for first offenses, while in the southern district the court is easy on first offenders. In the western district of Arkansas severe sentences are imposed on first offenders under the Jones Act, while in the eastern district probation is given to second and third offenders of the national prohibition law. In West Virginia the district court in the northern district is known for the imposition of severe sentences under the Jones Act, while the court in the western district construes the law not to require jail sentences for first offenders and imposes fines and suspended sentences. In the western district of North Carolina sentences of from four months to two years are given to first offenders, while in the Federal court in Pittsburgh, Pa., of 17 cases brought in under the Jones Act only 1 was sent to the penitentiary, 3 were placed on probation, 7 sent to jail with short sentences, and the rest fined.

If time and space permitted, I could give numerous other instances illustrating the great difference of opinion among judges in their construction of the basic provisions of the Jones Act and in the inequality of justice which prevails in its administration among judges of the same court and in the same State, all of which is detrimental to the regard in which our courts ought to be held.

Quoting further from said letter:

It would seem that in prosecution of offenses punishable under the Jones law the indictment must allege and the evidence prove the absence of the qualifications that would bring the offense within the operation of H. R. 9985. Thus in prosecution by indictment for sale the Government must prove that the seller is engaged in habitual violation of the law; in prosecution for manufacture or transportation, regardless of quantity; that the accused is not a casual employee—

And so forth. In other words, because in H. R. 9985 it is provided that for one not a habitual violator a smaller sentence under the Jones Act shall be imposed in the case of a sale and likewise in the case of a casual employee convicted of transportation the Department of Justice claims that when you come to the indictment and trial of the more serious offenses the indictment must allege and prove that the defendant was a habitual violator or not a casual employee, as the case may be; that is, the indictment and proof must contain negative averment of the minor offenses set up in this amendment to the Jones law.

This is rather a surprising statement in view of the fact that it is well known that in common law it is not necessary to negative qualifications or provisos or exceptions unless contained in the definition of the offense itself, and is all the more surprising in view of the fact that section 32 of the Volstead Act expressly provides that it is not necessary to include defensive negative averment, and, of course, said section would be applicable to any amendment to the national prohibition law, including the amendment under discussion. If this amendment were adopted, there would be no change in the averment in the indictment, and the proof required to convict of the more serious offenses under the Jones Act would be the same as at present required.

Quoting still further from said letter, it is stated as follows:

Furthermore it is doubtful whether, if in a prosecution by indictment of a major violation the Government proves unlawful sale, manufacture, or transportation, and is unable to prove the absence or presence, as the case may be, of the qualifications set out in H. R. 9985, the jury may convict for a violation under H. R. 9985.

In other words, in the opinion of the Department of Justice the objection is made that if John Jones is indicted for the sale of liquor and at the trial it is proven that he was not a habitual violator, and that the sale in question was a small quantity, then the defendant might escape the clutches of the law and be allowed to go free on the ground that the facts proven justified a conviction only for the minor offense under the act and not the more serious one as charged in the indictment.

It would seem under section 565 of title 18 of the United States Code—which provides that in all criminal causes the defendant may be found guilty of any offense the commission of which is necessarily included in that with which he is charged in the indictment—that this fear or apprehension of the Department of Justice is needless and that in any such situation the defendant could be found guilty at the same trial of the lesser offense even though the greater one is charged in the indictment.

Quoting again from the letter in question, it is stated as follows:

I am fearful that the result of the enactment of H. R. 9985 will be to reduce the penalties for substantial violations, such as manufacture, sale, and transportation, to a point below the penalties provided before the enactment of the Jones law.

The enactment of H. R. 9985 will not reduce the penalties for any substantial habitual violation of the national prohibition law. It will prevent the imposition of disproportionate, unnecessarily severe penalties upon nonhabitual violators of the law. It will make impossible the imposition of a 2-year sentence in the penitentiary upon a defendant convicted of selling only two drinks at 50 cents each. It will keep within bounds the power to impose sentence of those judges who apparently have not the necessary balance and judicial quality of mind to differentiate between the way and manner in which the casual offender and the habitual violator shall be treated.

I have had the opportunity of serving as a police court magistrate and as a prosecuting attorney, and have had some experience in defending criminal cases. It is my sincere and earnest conviction that excessive sentences for minor infractions of the criminal law are not only unjust and inhuman but have a tendency to bring the administration of criminal law into disrespect and disrepute.

The question of the advisability of this amendment to the Jones Act is not one to be construed from the viewpoint of one's views on the general question of prohibition. The issue is not that of wet or dry. The issue is simply one of legislative policy and the fair, equitable administration of criminal justice. In the time of Henry VIII there were over 200 offenses punishable by death. To-day of this number only the crimes of murder and treason survive. The pendulum has been swinging away from undue severity of sentence.

Are we to be carried away by the frenzy of the moment—the obsession of a few fanatical minds to block the swing of the pendulum and in this most enlightened era of all time align ourselves against the forces of progress and humanity? In the interest of better enforcement and better observance and respect of all laws such a step would be fatal. [Applause.]

Mr. O'CONNOR of New York. Will the gentleman yield?

Mr. STOBBS. I will be pleased to yield.

Mr. O'CONNOR of New York. Is it not a fact that during the debate in this House on the Jones law the weakness of this lack of definition was pointed out very clearly by the gentleman himself; that is, the danger of leaving it to the discretion of the judge or the prosecuting attorney, if that might be possible, as to what was a minor offense and what was a major offense?

Mr. STOBBS. That is absolutely correct; and experience has borne out the statement made at the time.

Mr. CLAGUE. Will the gentleman yield?

Mr. STOBBS. Yes.

Mr. CLAGUE. The gentleman stated that in the State of Georgia and some of the other States there were different penalties for similar offenses meted out in different jurisdictions; in other words, that there is much more leniency shown in some jurisdictions than in others. Has the gentleman made any study to determine whether or not these heavy penalties that some of the judges imposed have acted as a deterrent in the commission of offenses against the Volstead Act or has there been any difference where there have been light sentences as compared with jurisdictions where there have been heavier sentences imposed.

Mr. STOBBS. I think it is very well known in the history of penology that the imposition of heavy sentences, sentences out of all proportion to the nature of the offense, brings about



disrespect and disrepute in the administration of the criminal law.

In other words, a defendant, as the gentleman knows, if he has been a prosecuting attorney, never objects when he is handed out a sentence which is severe, if the offense was severe, but when a sentence is handed out to him for an offense which is not a serious one in the eyes of the general public and he goes to State's prison—as this boy was sentenced for selling two drinks of whisky for 50 cents a drink—he is herded there with a lot of professional crooks and thieves and is placed side by side with men who have committed the most serious offenses known to the criminal law and naturally there is a reaction. There is a feeling of rebellion and a feeling of revulsion on the part of the public.

Let me carry this one step farther. I could not take the time in my remarks to go into details, but in my own State we happen to have in Judges Morton, Lowell, and Brewster, very outstanding, broad, humane members of our Federal judiciary, and they have said:

We will take this Jones Act and we will construe it as we think it ought to be construed and only apply it to men guilty of serious violations of the liquor law.

In an adjoining State in New England, when the act was passed, a member of the judiciary said:

I shall construe the Jones Act to be a mandate from Congress to impose the most severe sentences I can under that law.

Now, if a defendant happens to be caught in one State, he is treated in one way and if he happens to be caught in another State he is treated in an entirely different way. Is there any deterrent in that?

Mr. WOODRUFF. Will the gentleman yield?

Mr. STOBBS. I yield to the gentleman from Michigan.

Mr. WOODRUFF. The gentleman has referred to conditions existing in Michigan and particularly in Bay City, my home city, and to the imposition of penalties by the Federal judge there.

Mr. STOBBS. Yes; I was not aware it was the gentleman's home city.

Mr. WOODRUFF. The gentleman refers to the Hon. Arthur J. Tuttle, the judge of the eastern district of Michigan.

Mr. STOBBS. I do not know the name of the presiding judge. I took my evidence from the testimony of the prohibition administrator himself.

Mr. WOODRUFF. I have no doubt but what the prohibition administrator knew exactly what he was talking about when he gave that testimony, but I am wondering if I understood the gentleman correctly to the effect that the judge in that court imposes penalties for first offenses of from one to five years.

Mr. STOBBS. In the penitentiary; yes.

Mr. WOODRUFF. I think that must be a mistake.

Mr. STOBBS. I only have the evidence of the prohibition administrator. The testimony he gave before the Law Enforcement Commission, which I read when I went down there to study some of the records, was to the effect that in 85 per cent of cases where a sentence was imposed, the defendants were sent to the penitentiary.

Mr. WOODRUFF. But does he state whether or not 85 per cent of the cases were of first, second, third, or fourth offenses?

Mr. STOBBS. First offenses, because under the Jones Act you are dealing with first offenses.

Mr. WOODRUFF. Of course, I would not challenge the statement of my friend, and I do not inferentially or otherwise challenge his statement, but I do say there must be some mistake. There must be a typographical error or something of that sort, because I can not believe the judge, whom I know very well and with whose work I am more or less familiar, would impose penalties of that severity for offenses such as the gentleman refers to. It has been my opinion that Judge Tuttle usually fines the offenders from \$500 to \$1,000 for first offenses, without jail sentence, unless the circumstances are such as to warrant more severe penalties.

Mr. STOBBS. I will be very pleased to check up on the evidence and make any correction that may be necessary, because I do not want to do any injustice to Judge Tuttle.

Mr. FRANK M. RAMEY. Will the gentleman yield?

Mr. STOBBS. I yield.

Mr. FRANK M. RAMEY. Has the gentleman any information in the cases of these punishments as to whether the violator was operating an open place of business?

Mr. STOBBS. Of course, I do not know the facts in each particular case, but presumably they were all offenses under the Jones Act.

Mr. FRANK M. RAMEY. Does not the gentleman think that some of these men may have had an open place for business?

Mr. STOBBS. I agree that there may have been cases where it called for a heavier penalty for the first offense, but I have

tried to differentiate between major and minor offenses in this proposed legislation which I introduced. I am willing to leave the penalties as they are for habitual offenders, but I do not want the presiding judge where a man is not an habitual offender to have the power to sentence him in excess of six months in jail or a fine of \$500; and I do not care what the judges do to habitual offenders, provided they are not unreasonably severe.

The SPEAKER pro tempore. The time of the gentleman from Massachusetts has expired.

GROVER M. MOSCOWITZ

Mr. GRAHAM. Mr. Speaker, I desire to present a privileged report from the Committee on the Judiciary in connection with the case of Judge Moscowitz. The committee is unanimously for the report. There is an expression of views by two members of the committee, but they join in the report. I ask for the adoption of the resolutions which are incorporated in the report.

The SPEAKER pro tempore (Mr. MAPES). Without objection, the Clerk will report the resolution.

The Clerk read as follows:

(H. Res. 204)

*Resolved*, That the House of Representatives hereby adopts the report of the Committee on the Judiciary relative to the charges filed against Hon. Grover M. Moscowitz, United States district judge for the eastern district of New York; and further

*Resolved*, That no further action be taken by the House with reference to the charges heretofore filed with the committee against Hon. Grover M. Moscowitz, United States district judge for the eastern district of New York.

The SPEAKER pro tempore. Is there objection?

Mr. RAMSEYER. Reserving the right to object, it seems to me that a report of this nature ought to lie over and be printed in the RECORD, so that Members can be advised as to what it contains. I hope the gentleman from Pennsylvania will not ask the House now to adopt the resolution without debate or being advised as to the nature of it, or what the findings of the committee are. I hope the gentleman will not insist upon having the report considered to-day. It ought to be printed and be available for Members before action is taken.

Mr. GRAHAM. I have no objection to the report being laid over until the Members read the evidence if they wish to, but I am quite sure that very few will read this voluminous testimony. Had there been a minority report, I should feel sure that there ought to be some time elapse and it should go to the calendar. But under the circumstances if my highly honored friend wants to read the evidence I have no objection. The subcommittee reported unanimously and the full committee reported unanimously; and I am perfectly willing, if request is made, that the resolution lie over.

Mr. RAMSEYER. Mr. Speaker, the proposed resolution was read, but the report was not read. The resolution does not indicate what the action of the committee is. Was the resolution read in full?

The SPEAKER pro tempore. The resolution was reported in full, but not the report of the committee.

Mr. RAMSEYER. If the resolution is taken up for consideration now, will the report be read so that we may know what the report contains as well as what the resolution contains?

Mr. GRAHAM. It would not ordinarily, as I understand the practice.

Mr. RAMSEYER. It ought to be read and put in the RECORD. Do I understand that it is the unanimous report of the committee?

Mr. GRAHAM. The resolution is the unanimous report of the whole committee.

Mr. RAMSEYER. There are differences as to the report?

Mr. GRAHAM. No; no differences about the facts, but two Members think that it ought to go further and consider impeachment, but they abandoned that view and joined with the rest of us in reporting the resolution, which comments upon the conduct of the judge as conduct that ought to be deprecated, but we do not believe that it is a proper basis for impeachment.

Mr. RAMSEYER. Mr. Speaker, inasmuch as this is the unanimous report of the committee I withdraw my reservation to objection and will leave the resolution to take its natural course under the rules of the House.

The SPEAKER pro tempore. Is there objection to the consideration of the resolution?

Mr. BRIGGS. Reserving the right to object, is the report lengthy?

The SPEAKER pro tempore. The report of the committee incorporates the resolution and covers about two pages. Is there objection?

There was no objection.

The resolutions were agreed to.

Mr. BRIGGS. Mr. Speaker, will the report be printed in the RECORD?

The SPEAKER pro tempore. Without objection, the report will be printed in the RECORD.

There was no objection.

The report is as follows:

[House of Representatives Report No. 1106, Seventy-first Congress, second session]

CHARGES AGAINST HON. GROVER M. MOSCOWITZ, UNITED STATES DISTRICT JUDGE FOR THE EASTERN DISTRICT OF NEW YORK

Mr. GRAHAM, from the Committee on the Judiciary, submitted the following report:

Under authority of House Joint Resolutions 431 and 434, Seventieth Congress, a subcommittee of the Committee on the Judiciary of the House of Representatives was appointed from the membership to inquire into the official conduct of Grover M. Moscowitz, United States district judge for the eastern district of New York, and the said subcommittee, having made the investigation which they were authorized to make, reported to the Judiciary Committee of the Seventy-first Congress in pursuance of the direction contained in said resolutions, and a copy of their report is hereto attached and made a part of this report.

The Committee on the Judiciary, after a full discussion and consideration of the report of the subcommittee, has decided and recommends:

First. That the House concur in the finding of the subcommittee "that sufficient facts have not been presented or adduced to warrant the interposition of the constitutional powers of impeachment by the House."

Second. This committee further reports: They join in the further finding of the subcommittee that it "can not and does not indorse a business arrangement of Judge Moscowitz with his former partner which continued after Judge Moscowitz became a district judge, especially when he was appointing members of the legal firm to which this former partner belonged, to various receiverships in his court."

We respectfully further find and report that the action of Judge Moscowitz in the matters referred to and from the whole of the testimony is not only not to be indorsed but is deserving of condemnation as unethical and dangerous and threatening the destruction of the confidence of the bar and the community in the court, and calculated to bring it into discredit, and the committee recommends that this report and the following resolutions be adopted by the House:

*Resolved*, That the House of Representatives hereby adopts the report of the Committee on the Judiciary relative to the charges filed against Hon. Grover M. Moscowitz, United States district judge for the eastern district of New York; and further

*Resolved*, That no further action be taken by the House with reference to the charges heretofore filed with the committee against Hon. Grover M. Moscowitz, United States district judge for the eastern district of New York.

The report of the subcommittee is as follows:

"INVESTIGATION OF THE OFFICIAL CONDUCT OF GROVER M. MOSCOWITZ, UNITED STATES DISTRICT JUDGE FOR THE EASTERN DISTRICT OF NEW YORK

"The special committee appointed by House Joint Resolutions 431 and 434, second session, Seventieth Congress, to inquire into the official conduct of Grover M. Moscowitz, United States district judge from the eastern district of New York, submits the following report to the Committee on the Judiciary.

"The joint resolutions creating the committee are as follows:

"Public Resolution 102, Seventieth Congress

"House Joint Resolution 431

"Joint resolution providing for the investigation of Grover M. Moscowitz, United States district judge for the eastern district of New York

"Whereas certain statements against Grover M. Moscowitz, United States district judge for the eastern district of New York, have been transmitted by the Speaker of the House of Representatives to the Judiciary Committee: Therefore be it

"*Resolved, etc.*, That EARL C. MICHENER, J. BANKS KURTZ, C. ELLIS MOORE, ROYAL H. WELLER, and HENRY ST. GEORGE TUCKER, being a subcommittee of the Committee on the Judiciary of the House of Representatives, be, and they are hereby, authorized and directed to inquire into the official conduct of Grover M. Moscowitz, United States district judge for the eastern district of New York, and to report to the Committee on the Judiciary of the House whether in their opinion the said Grover M. Moscowitz has been guilty of any acts which in contemplation of the Constitution are high crimes or misdemeanors requiring the interposition of the constitutional powers of the House; and that the

said special committee have power to hold meetings in the city of Washington, D. C., and elsewhere, and to send for persons and papers, to administer the customary oaths to witnesses, all process to be signed by the Clerk of the House of Representatives under its seal and be served by the Sergeant at Arms of the House or his special messenger; to sit during the sessions of the House until adjournment sine die of the Seventieth Congress and thereafter until said inquiry is completed, and report to the Committee on the Judiciary of the House of the Seventy-first Congress.

"Sec. 2. That said special committee be, and the same is hereby, authorized to employ such stenographic, clerical, and other assistance as they may deem necessary, and all expenses incurred by said special committee, including the expenses of such committee when sitting in or outside the District of Columbia, shall be paid out of the contingent fund of the House of Representatives on vouchers ordered by said committee, signed by the chairman of said committee: *Provided, however*, That the total expenditures authorized by this resolution shall not exceed the sum of \$5,000.

"Approved, March 2, 1929."

"Public Resolution 103, Seventieth Congress

"House Joint Resolution 434

"Joint resolution to appoint HOMER W. HALL a member of the subcommittee of the Committee on the Judiciary established under House Joint Resolution 431, to inquire into the official conduct of Grover M. Moscowitz, United States district judge for the eastern district of New York.

"*Resolved, etc.*, That HOMER W. HALL, a member of the Committee on the Judiciary of the House of Representatives, be, and he is hereby, appointed a member of the subcommittee of the Committee on the Judiciary of the House of Representatives established by House Joint Resolution 431 to inquire into the official conduct of Grover M. Moscowitz, United States district judge for the eastern district of New York, vice Royal H. Weller, deceased.

"Approved March 4, 1929"

"This investigation had its origin in a letter addressed to the Speaker of the House of Representatives by Representative ANDREW L. SOMERS, of the sixth New York district, transmitting to the Speaker a statement made by Sidney Levine and Joseph Levine, also some correspondence submitted by J. C. Rochester Co. (Inc.), charging misconduct on the part of Judge Grover M. Moscowitz.

"The Speaker of the House referred the matter to the Committee on the Judiciary, and owing to the fact that the Seventieth Congress was about to expire, House Joint Resolution 431 was presented by the chairman of the Committee on the Judiciary for the purpose of giving vitality to a subcommittee that might make an investigation during the recess and report to the Judiciary Committee in the next Congress.

"Pursuant to the terms of said resolutions the committee held hearings in the city of New York from April 8 to April 13, 1929, inclusive; also from June 17 to June 19, inclusive. Additional witnesses and oral argument of counsel were heard in the city of Washington on December 17 and 18, 1929. The full membership of the Committee on the Judiciary attended the proceedings on December 17 and 18, 1929.

"Representative SOMERS, the proponent of the charges, together with his counsel, Howard Carter Dickinson, Esq., and Kenneth F. Simpson, Esq., attended all the hearings. Judge Grover M. Moscowitz, together with his counsel, John W. Davis, Esq., and Theodore Kiendl, Esq., also attended all the hearings. Extensive printed briefs were submitted by counsel on either side, and counsel on either side presented oral arguments before the entire Judiciary Committee. All witnesses suggested by the proponents and by counsel for Judge Moscowitz were fully heard, and all witnesses were submitted to cross-examination by opposing counsel. The hearings and arguments of counsel cover 1,371 pages of printed matter, copies of which have heretofore been presented to each member of the Judiciary Committee of the House.

"In making this investigation the committee had the assistance of an experienced investigator from the Bureau of Investigation, Department of Justice, as well as the assistance of an expert accountant from the same department. Every person who the committee thought had any information bearing upon the subject matter of inquiry was heard and voluminous court records were inspected, much of this material being included in the printed hearings as exhibits.

"After seeing the witnesses, hearing them testify, and with due regard to the argument of counsel and all of the evidence in the case, individual members of this committee do not approve each and every act of Judge Moscowitz concerning which evidence was introduced. For example, the committee can not and does not indorse a business arrangement of Judge Moscowitz with his former partner which continued after Judge Moscowitz became a district judge, especially when he was appointing members of the legal firm to which this former partner belonged to various receiverships in his court. While this committee finds nothing corrupt in these transactions, yet this procedure throws the court open to criticism and misunderstanding by the uninformed, as has happened



in this case; and, therefore, this committee can not and does not indorse this practice.

"Nevertheless, after a careful consideration of all the evidence in the case, and giving full consideration to the problems and persons with which the court had to deal, this committee is unanimous in its opinion that sufficient facts have not been presented or adduced to warrant the interposition of the constitutional powers of impeachment by the House.

"EARL C. MICHENER,  
"J. BANKS KURTZ,  
"C. ELLIS MOORE,  
"HOMER W. HALL,  
"H. S. G. TUCKER,  
"Subcommittee.

#### "ADDITIONAL VIEWS

"We hereby agree with the expressions of condemnation contained in the majority report but individually we hold the view that the evidence would justify a resolution of impeachment.

"F. LAGUARDIA.  
"HATTON W. SUMNERS."

#### CONSOLIDATION OF ACTIVITIES AFFECTING WAR VETERANS

Mr. MICHENER. Mr. Speaker, by direction of the Committee on Rules I call up the privileged House Resolution 200, which I send to the desk and ask to have read.

The Clerk read as follows:

#### House Resolution 200

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 10630, a bill to authorize the President to consolidate and coordinate governmental activities affecting war veterans. That after general debate, which shall be confined to the bill and shall continue not to exceed four hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Expenditures in the Executive Departments, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. MICHENER. Mr. Speaker, this rule makes in order H. R. 10630, the purpose of which is to consolidate and coordinate all the activities having to do with veterans' relief, including the Veterans' Bureau, the National Homes for Disabled Volunteer Soldiers, and the Pension Bureau, and to establish one administration over these various activities. The rule is the usual rule. It allows ample time for general debate. The bill will be read under the 5-minute rule. I might say that the report of the committee reporting the bill is particularly illuminating. No effort will be made in the discussion of the rule to explain the bill, because the report fully explains it and the committee is prepared to go into all details.

I yield 10 minutes to the gentleman from New York [Mr. O'CONNOR], a minority member of the Committee on Rules.

Mr. O'CONNOR of New York. Mr. Speaker, ladies and gentlemen of the House, my purpose in taking the floor on this rule is to call to the attention of the few Members who are here what I believe to be a very serious proposition which comes before the House, but what seems to have come in here now as though there was nothing to it, as if everybody was in favor of it.

When the matter came before the Rules Committee yesterday—and I am not disclosing any secrets, because it was an open session of the committee—the Rules Committee was informed that everybody interested was in favor of this bill. I asked Mr. WILLIAMSON, the chairman of the Committee on Expenditures in the Executive Departments, which committee reported the bill, the specific question in this identical language, "What opposition, if any, is there to this bill?" The distinguished chairman, who has written such an interesting report, said, "No one that I know of." I presume each member of the Committee on Rules, relying on that statement, acted as I did in voting to report a rule to bring this bill up for consideration. The action was assumed to be perfunctory.

When I came into the House this morning, however, I found the ranking minority member of the committee and other minority members opposed to the bill. I also was informed that several Republican members of the committee were opposed to the bill; that, in fact, the bill was reported out of the committee when there were only 10 members of the committee present, whereas the committee is composed of 21 members. If this is the exact fact I believe a point of order would lie against the consideration of the bill. I am sure if the Rules

Committee had before it that information it would have given the question greater consideration than it did.

As to what position I shall take on the bill, I have not yet made up my mind. The bill is far-reaching and may affect nearly 1,000,000 veterans of our wars. For that reason alone it should not be rushed through this House. Of course, it is not going to be rushed through from the standpoint of time, because four hours of debate have been assigned to consideration of the bill; but that consideration should not be approached in the first instance, in my opinion, in a merely perfunctory manner.

The bill provides for the consolidation of the Veterans' Bureau, the National Home for Disabled Volunteer Soldiers, and the Pension Bureau. It is stated in the report accompanying the bill that it does not affect the Army and Navy hospitals and clinics or the Soldiers' Home in Washington, D. C., or the United States Naval Home in Philadelphia. It puts under one head the administration of pensions, disability payments, compensation, hospitalization, and home care, while purporting not to affect the laws relating to those matters.

Mr. GASQUE. If the gentleman will permit, I think if he will look into it he will see that it does affect the Army and Navy hospitals.

Mr. O'CONNOR of New York. That may be, and I understand that is one of the questions which will be raised, but reading the intention of the measure as set forth in the report there seems to be no intention to take in the Army and Navy hospitals. The purpose of the bill, as stated in the report, is to equalize the benefits of all veterans of all wars, including pensions and compensation. This, of course, applies to the veterans of the Civil War, the Spanish-American War, and the World War. It is stated that this equalization will immediately be effective as to hospitalization and home care and will ultimately result in parity in pension and compensation. For one, I am not excited about this consolidation of bureaus if it is merely for the purpose of economy in administration, and especially if there is the slightest danger that those economies may work to the detriment of the veterans. What should be given the most earnest consideration by the House is the result of this consolidation on the welfare of the veterans. Within the space of one generation the cost to the Federal Government of pensions and compensation to the veterans of our wars has grown from \$138,000,000 to about \$800,000,000. The number of veterans receiving payments has not materially increased. This is about one-third of the total collections of our Government in income taxes and about one-fifth of our National Budget. Everyone knows that the veterans of the World War are getting the major proportion of that, but if this bill does not alone equalize the benefits to all veterans in hospitalization and similar relief, but also equalizes the benefits to pensions and compensation—

Mr. RANKIN. Oh, I call the gentleman's attention to the fact that he is mistaken in his statement that the World War veterans are getting the majority. More money is going directly to the veterans of the Civil War and the Spanish-American War than to the World War veterans.

Mr. O'CONNOR of New York. I accept the gentleman's correction, because he is an authority on the subject of veterans' relief. What I meant to say was that in some instances, at least, veterans of the World War are receiving larger pensions and compensations than veterans of other wars. I have mentioned the large amount already being paid to veterans for the sole purpose of pointing out what I fear may happen. Our veterans are entitled to every dollar of the \$800,000,000 now being paid to them, but if it is proposed to equalize pensions and compensations, as well as other relief, and then under a mandate from the Executive no additional appropriations will be approved, and still demand is made that the veterans of the Civil War and the veterans of the Spanish-American War be treated on a parity with the veterans of the World War—well, we may be faced with a dilemma which we can imagine might interfere with the present pension and compensation to the World War veterans.

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. Yes.

Mr. COCHRAN of Missouri. The question of equalizing pensions was not discussed in connection with this bill. The committee had no jurisdiction over such matters. It might be in the report, but there is nothing in the bill to arouse discussion over the question of equalizing pensions. It is a mere question of consolidation and coordination and does not affect the rate of pension anywhere.

Mr. O'CONNOR of New York. Permit me to say to the gentleman that the purpose of a report is to guide the House as

to what is proposed in the bill. For instance, at the bottom of page 4 of the report it is said:

It will aid in eliminating existing inequalities in pensions and compensation.

Mr. COCHRAN of Missouri. That is the report of the chairman and I see no reason why such language should have been included.

Mr. O'CONNOR of New York. Very well; but it is definitely so stated. Now, everyone is for economy if it does not affect adversely the worthy veteran.

Everybody is for the "simplicity of procedure." Everybody is for "uniformity of treatment and services." Everybody is for speedier decisions in the matters concerning veterans, and everybody is for unification or centralization, a place where the veterans can go with all their troubles rather than to be compelled to "ship" here and there to get the relief to which they are entitled. It may be that everybody will be for the "reparation of domiciliary care from hospital service."

Mr. RANKIN. Mr. Speaker, will the gentleman yield there?

Mr. O'CONNOR of New York. Yes.

Mr. RANKIN. The chairman of the committee [Mr. WILLIAMSON] is here, and he can explain what the bill means. If the bill does not do what the report says it does, he can answer now.

Mr. O'CONNOR of New York. The report on page 6 says the bill "will iron out present inequalities and place all veterans of similar age and suffering similar disabilities upon approximately the same plane with respect to the relief extended, whether it be hospitalization, domiciliary care, pension, or compensation." That is the exact language. Now, either one of two things may happen: Either the pensions and compensation of the World War veterans may be brought down or that of the Civil War and Spanish-American War veterans may be brought up. I do not say that they should not be brought up, but it is a matter for the serious consideration of this House.

Mr. GARBER of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. Yes.

Mr. GARBER of Oklahoma. The gentleman will recognize that the bill itself, not the report, will be controlling, and if you read the sections of the bill I do not think you will find a single line that changes the compensation.

Mr. O'CONNOR of New York. Oh, I agree to that. The bill itself simply sets up a new administrative department, but what that department does in recommending the "ironing out" of "inequalities" may be important. I therefore submit to the consideration of the House the question as to what is going to be the outcome of this most important measure, which, in the first instance, was represented to us as being purely innocuous.

Mr. MICHENER. Mr. Speaker, four hours are allowed by the rule for general debate. The Committee on Rules has not studied the details of this bill. However, the committee understood that a large majority of the members of the committee who framed the bill favored the report. So the report was filed.

Mr. SCHAFER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. MICHENER. Yes.

Mr. SCHAFER of Wisconsin. When the committee voted on reporting the bill there was not one vote against reporting it out.

Mr. MICHENER. Four hours of time are provided in the rule, so that the matter may be thoroughly discussed. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The question was taken, and the resolution was agreed to.

Mr. WILLIAMSON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 10630.

The motion was agreed to.

The SPEAKER pro tempore. The Chair will ask the gentleman from New Hampshire [Mr. HALE] to take the chair.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 10630, with Mr. HALE in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 10630, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 10630) to authorize the President to consolidate and coordinate governmental activities affecting war veterans.

Mr. WILLIAMSON. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. The gentleman from South Dakota asks unanimous consent that the first reading of the bill be dispensed with. Is there objection?

There was no objection.

The CHAIRMAN. Under the rule the gentleman from South Dakota is recognized for two hours.

Mr. STAFFORD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. STAFFORD. Under the rules of the House can any one Member be recognized for more than one hour?

The CHAIRMAN. The gentleman himself can use one hour, but he can control two hours under the rule.

Mr. WILLIAMSON. Mr. Chairman and ladies and gentlemen of the committee, it is not my purpose at this time to enter into a lengthy discussion of the bill now under consideration, which authorizes the President to consolidate and coordinate governmental activities affecting war veterans.

Various bills have been introduced during the past several years looking to the consolidation of the three agencies now dealing with various phases of the veterans' relief problem. The original bill, which was introduced by my colleague [ROYAL C. JOHNSON], provided for setting up a new department, with a Cabinet member at its head, into which were brought the Pension Bureau, the National Home for Disabled Volunteer Soldiers, and the Veterans' Bureau. When this bill came up for consideration before our committee it was indefinitely postponed, as the committee did not think that a new Cabinet position should be established.

Mr. JOHNSON then introduced H. R. 16722, authorizing the President to consolidate and coordinate governmental activities affecting war veterans in the Veterans' Bureau. Upon this bill hearings were had in the Seventieth Congress. The hearings, however, were concluded so late in the session that the committee took no action upon the measure.

My colleague did not reintroduce the bill in the Seventy-first Congress. I therefore, as chairman of the committee, introduced a new bill—H. R. 6141—differing considerably in detail from the Johnson bill.

Mr. Chairman and members of the committee, in view of the discussion that has just taken place on the floor of the House with reference to the manner in which this bill was reported and whether or not there was opposition in the committee, and so forth, perhaps I should make a brief preliminary statement in reference to that particular matter.

This matter of consolidating the veterans' activities has been under consideration by various committees of the House for at least three or four years. When the Committee on Expenditures in the Executive Departments was organized, that committee acquired jurisdiction of this particular legislation. We had hearings at the last session of Congress, extensive hearings, but, due to the fact that these hearings were not completed until toward the end of the session, no report was made by the committee on the bill then pending. At the beginning of this session a new bill (H. R. 6141) was introduced proposing to consolidate these activities in the Veterans' Bureau. Extensive hearings were held on that bill.

When finally the committee met in executive session, I invited the 17 or 18 members of the committee who were present to frankly state their views with respect to the bill then pending before the committee, as to the proposed set-up. The particular question that was discussed was whether the three activities—the Pension Bureau, the Veterans' Bureau, and the Home for Disabled Volunteer Soldiers—should be consolidated in the Veterans' Bureau. That was what the bill proposed. The question was raised whether it would not be better to set up an entirely new activity, which had been advocated by the Pension Bureau and by the National Soldiers' Home in particular.

At that time each individual member of the committee, without dissent, expressed himself to the effect that there should be set up an entirely new administrative activity, so that the three existing activities might be taken into a new establishment upon exactly the same terms. The chairman of the committee was directed to redraft the bill. Without further consultation with anyone, I prepared a new draft of the bill, in conformity with what I thought was the wish of the committee. I then called in the three ranking members on the Democratic side of the committee and the three ranking Republican members of the committee as a sort of subcommittee, and we went over the bill line by line. A few changes were made. It was then suggested that I take the bill to the White House and consult the President with regard to it before reintroducing it. This I did, and then reintroduced the bill. It is that bill, H. R. 10630, which was finally reported out, without any changes,



except the amendments proposed in the committee report. That is the bill that is before you now.

Mr. ABERNETHY. Will the gentleman yield?

Mr. WILLIAMSON. I yield.

Mr. ABERNETHY. Under the proposed bill, under which Cabinet officer would this come?

Mr. WILLIAMSON. It does not come under any member of the Cabinet. It remains an entirely independent establishment, responsible directly to the President.

Mr. ABERNETHY. At present the Pension Bureau is under the Interior Department.

Mr. WILLIAMSON. The Interior Department; yes.

Mr. ABERNETHY. And the Veterans' Bureau is independent at this time?

Mr. WILLIAMSON. Yes, sir. So is the national home.

Mr. ABERNETHY. And there will be no Cabinet officer that has anything in the world to do with this proposal?

Mr. WILLIAMSON. That is correct.

Mr. ABERNETHY. It is directed by the President?

Mr. WILLIAMSON. Yes; the administrator is responsible directly to the President.

Mr. ABERNETHY. Would it not be a good idea to abolish the Cabinet? If we are going to coordinate and put everything in the hands of the President, might we not just as well abolish the Cabinet?

Mr. WILLIAMSON. I do not care to discuss that particular phase of the matter, because I think the opinion is universal among all veteran organizations, without exception, that we should set up an entirely separate and distinct establishment, responsible to the President alone and that it should not be placed under any Cabinet officer.

Mr. WOODRUM. Will the gentleman yield?

Mr. WILLIAMSON. I yield.

Mr. WOODRUM. As I understood the gentleman, hearings were conducted on a different bill than the bill that has been reported?

Mr. WILLIAMSON. Yes, sir.

Mr. WOODRUM. The bill upon which hearings were conducted provided for the consolidation of the several activities in the Veterans' Bureau?

Mr. WILLIAMSON. Yes, sir.

Mr. WOODRUM. What attitude did the several departments take on the bill, if they appeared before the gentleman's committee?

Mr. WILLIAMSON. The attitude of the departments upon the bill, as it was originally proposed, was that they were opposed to it. The Pension Bureau took the position that it should not be swallowed up in the Veterans' Bureau. The National Soldiers' Home took the same position. Those appearing for them claimed they were the older organizations, that they were well organized, and doing efficient work. They contended that they should not be put into the youngest organization. The witnesses who appeared before the committee all agreed, however, that there should be coordination with consolidation as the ultimate goal. The Secretary of the Interior, General Wood, and Colonel Church, the head of the Pension Bureau, came before the committee, and the hearings will show that they all declared themselves in favor of bringing the organizations they represented under one head so as to unify and coordinate them, but refused to go the whole way.

Mr. WOODRUM. They were all favorable to a consolidation?

Mr. WILLIAMSON. They were all favorable to what they termed coordination. I do not want to be understood as saying that they were favorable to the particular set-up we have here, because the consolidation proposed in the bill goes a little further than the National Home and the Pension Bureau are willing to go.

Mr. WOODRUM. Can the gentleman give the House any information as to what the attitude of the several departments was toward the particular bill that is now brought before us?

Mr. WILLIAMSON. I do not know as I am in a position to state, because the departments have not voiced any sentiment with reference to the particular bill now before the committee.

Mr. WOODRUM. Is it not unusual to bring a piece of legislation before the Congress revolutionizing several departments without being able to say to the House what those departments think about it?

Mr. WILLIAMSON. The departments had ample opportunity to be heard upon the bill before the committee, and this bill was drafted with a view to carrying out the very idea that the departments themselves advocated. Of course, they wanted only a perfunctory arrangement which would not disturb them, a supervising assistant secretary of some sort, with no powers that would permit effective reorganization.

Mr. WOODRUM. But the gentleman stated to the committee that after having hearings on one bill and closing the hearings the gentleman rewrote the bill.

Mr. WILLIAMSON. The gentleman knows that is done over and over again, if it becomes necessary, to make sufficient changes in the bill so that it is not advisable to amend it. It is redrafted and a new bill introduced. That is a common procedure in all committees. It is not a new bill. It is the old bill with a different set-up, which appears in the first and second sections only. Aside from that, the bill is the same as the old bill.

Mr. WOODRUM. But from the statement of the gentleman it is entirely different, I think, from what was contained in the other bill?

Mr. WILLIAMSON. It is entirely different from what was contained in the other bill with reference to one thing only. The original bill provided for the consolidation in the Veterans' Bureau. In this case we create a new establishment and put them all under the new establishment.

Mr. ARNOLD. Will the gentleman yield?

Mr. WILLIAMSON. I yield.

Mr. ARNOLD. I have not had an opportunity to study this bill, but I would like to ask the gentleman who will be the real directing head of this consolidated activity?

Mr. WILLIAMSON. The real directing head of the consolidated activity, I assume, would be the President, because the administrator is answerable to him. However, the actual directing head will be the administrator of veterans' affairs, into whose hands these three activities are placed, and they will be under his direction.

Mr. ARNOLD. That is a new position created.

Mr. WILLIAMSON. That is a new position created, and the only one created.

Mr. ARNOLD. He will be the directing head?

Mr. WILLIAMSON. Yes.

Mr. ARNOLD. And he will direct the activities of these three general subdivisions?

Mr. WILLIAMSON. Yes; that is correct.

Mr. ARNOLD. Who appoints the director?

Mr. WILLIAMSON. The President of the United States appoints the director. Now, I would like to proceed with my general statement. I think my statement will answer many of the questions which may be in the minds of Members, if I am permitted to go ahead. In drafting the report on this bill I explained each section so there could not be any possible misunderstanding as to what the bill will do. I think this House is entitled to know, in a matter as important as this, just exactly what the legislation may be expected to accomplish if it is adopted by the House.

Section I provides for the consolidation and coordination of all veterans' activities, including the Veterans' Bureau, the National Home for Disabled Volunteer Soldiers, and the Pension Bureau, into a new establishment to be known as the department of veterans' affairs. This name was suggested by the President and was adopted by the committee.

Considerable thought was given to the language used in this section. I endeavored to make the language broad enough so as to enable the President to bring into the new organization any hospital units now operated by some other department of the Government in the event that such units at any future time should no longer be needed by the department now conducting them.

When the bill was first introduced some fear was expressed by the War Department that the language used might result in the President taking over hospitals now operated by the Military or Naval Establishment. Fairly examined, section 1 does not lend itself to this construction. Army and naval hospitals and clinics utilized for the treatment of soldiers and sailors; the United States Soldiers' Home, Washington, D. C.; and the United States Naval Home, Philadelphia, Pa., do not come within the terms of the bill and are not affected. So far as I have been able to learn, the language carried is satisfactory to both the War Department and the Navy Department.

I now come to subdivision (b) of section 1, which, I understand, a number of the members of the committee object to. It is, however, in my judgment an important and very essential part of the bill.

Subdivision (b) of section 1 gives broad powers to the new administrator to consolidate, eliminate, or redistribute the functions of the bureaus, agencies, offices, or activities when brought into the new administration of veterans' affairs. These powers, however, relate only to those bureaus, agencies, and activities which are created by administrative action, and would not authorize the administrator, for illustration, to abolish the

Pension Bureau, which is of statutory origin. In other words, the bill does not change existing law nor the duties or obligations imposed upon the various heads of the present organizations toward the veterans, but leaves these laws intact in order that there may be no disturbance of the various kinds of relief extended to the veterans of the various wars.

While there is nothing in the bill contemplating a present change in any of these laws, it is expected that it will form the basis of future legislation, with a view to more nearly equalizing the benefits bestowed upon the veterans of the various wars and eliminating many of the existing injustices which have given rise to agitation and complaint by veterans all over the country.

In view of the fact that there is going to be opposition to this particular part of the bill—and as I understand a motion will be made to strike it out—I think it well at this time to discuss it just a moment longer. There has been a general fear expressed by Spanish War veterans that this set-up might result in abolishing the Pension Bureau. Frankly, I can see no basis for this fear. The Pension Bureau will continue to function about as it does now, doubtless with added duties. There must be an agency to administer pensions, and there is no better agency that I know of than the present Pension Bureau. However, we are transferring the powers and functions of the Commissioner of Pensions technically to the new administrator, and this, of course, is essential in order to work out a harmonious program, but the bureau remains and will carry on as provided by law. The Commissioner of Pensions will remain and doubtless function much as he does now. Seventy per cent of the compensation cases have become fixed. These compensation cases are nothing more nor less than service pensions, and there is no reason why they could not be handled by the Pension Bureau, which has all the machinery with which to handle them at low cost. But so far as pensions are concerned, the pensioners should know that their cases will be taken care of just as expeditiously as they are now and that there will be no change of their status as a result of this bill. I know of no protests from pensioners. The protests come from bureau officials, who have been doing more lobbying than anybody else.

Mr. RANKIN. Will the gentleman yield?

Mr. WILLIAMSON. Yes.

Mr. RANKIN. Then, as I understand the gentleman from South Dakota, this is not an economic measure. Instead of reducing the number of bureaus, you increase them by one.

Mr. WILLIAMSON. No; I do not think that will be the situation. I may say to the gentleman from Mississippi.

Mr. RANKIN. My understanding was that the bill virtually abolished both the Veterans' Bureau and the Pension Bureau and consolidated all of those activities into a new bureau. Now I find from the gentleman's speech that it leaves the Veterans' Bureau intact, leaves the Pension Bureau intact, and creates this third superbureau.

Mr. WILLIAMSON. No; it does nothing of the sort in the sense the gentleman has referred to the matter. What I said was that we are transferring the powers to-day exercised by the Commissioner of Pensions, the duties to-day exercised by the Director of the Veterans' Bureau, and the functions of the Board of Managers of the National Homes for Disabled Volunteer Soldiers to a new administrator. We provide for a new administrative head, and we give him sufficient power under subdivision (b) of section 1 to reorganize these units in any manner he sees fit, but he can not abolish any bureau which is provided for by law.

The Pension Bureau is one of the bureaus created by law; so is the Veterans' Bureau. What I am trying to make the gentleman understand is that the administrator has ample authority to eliminate or consolidate administrative bureaus within these activities whenever he shall find there is duplication of function. This authority is essential. Without it he can not possibly work out a clean-cut, homogeneous, coordinating organization.

Mr. RANKIN. Now, the gentleman talks about placing these veterans of different wars with the same disabilities on the same plane. We will say here are three soldiers. One of them is a Civil War veteran, and, of course, his disability is due to age and he gets \$72 per month, whether he was a buck private or a major general; a Spanish War veteran gets \$50 per month, whether he was a buck private or a major general; but if he is a World War veteran and was a private or an enlisted man, as they are usually referred to, and has a minor disability amounting to no more than 30 per cent, he would only get \$30 per month, while, of course, if he were a colonel with only a 30 per cent disability, he would, under the present emergency officers' retirement law, get \$262.50 per month. Now, I want to know if there is going to be any power vested in this new bureau

to equalize those benefits and pay those men according to their disabilities, regardless of which war they were in or what rank they attained.

Mr. WILLIAMSON. So far as this bill is concerned, it gives the new administrator no power whatever in that direction. We are not changing the law. The hope of the committee—at least it is in the back of my head—is that this reorganization will serve as a basis for a complete restudy and revamping of the legislation having to do with veterans, with a view to equalizing, so far as possible, the benefits now received by the veterans of the several wars. It is a very common thing for a Spanish War veteran, a Civil War veteran, and a World War veteran to be thrown together, for instance, in a national home. They can compare the benefits they are receiving. A Spanish War veteran with certain disabilities may find he is receiving less than a World War veteran is receiving who is suffering from like disabilities, and that they are not compensated upon the same basis. The correction of these injustices is one of the goals this committee has in mind.

Mr. RANKIN. Or he may be receiving twice as much.

Mr. WILLIAMSON. That is true. Now, this committee does not deal with war veterans' legislation; that is your committee's business, and my thought was this: If you can bring all of these units into one organization under one administrator, he will be in a position to codify the laws, to give advice to committees, and to make suggestions as to what may be done in the way of equalizing benefits.

I think something should be done along those lines, and I think we should work out a definite program for the future, so that in case of a future war the veterans of that war will be automatically taken care of. We should avoid the chaos that we had in connection with such legislation immediately following the World War.

We have already appointed, or we passed a resolution in this House the other day providing for the appointment of a joint committee to study this problem, and it will be up to the joint committee or the veterans' committee or some other committee to undertake this work. Our committee can only deal with the organization end of it.

Mr. ARNOLD. Will the gentleman yield?

Mr. WILLIAMSON. I yield.

Mr. ARNOLD. Under existing law, provision is made for appeals from the Commissioner of Pensions to the Secretary of the Interior and from the finding of the board of appeals to the Director of the Veterans' Bureau in individual cases. To whom would such appeals go in the event of the enactment of this legislation?

Mr. WILLIAMSON. All appeals in those cases would go to the new administrator of veterans' affairs. The appeals would go through the Pension and Veterans' Bureaus just as they do now, with a final appeal from the commissioner and director to the new administrator.

Mr. ARNOLD. Then you do retain a director in each one of these separate agencies?

Mr. WILLIAMSON. Yes. We do not abolish the position or office of Director of the Veterans' Bureau, nor do we abolish the office of Commissioner of Pensions. These positions still remain, but what we do is to transfer the powers of these two offices to the new administrator so he will have power to manage the two activities and reorganize them in any way he sees fit.

Mr. ARNOLD. It occurs to me from what the gentleman has said that you are retaining practically all the machinery you have now in these three departments and creating this new director.

Mr. WILLIAMSON. No. Of course, for the time being I think that should be done. In other words, you can not do this whole thing overnight. The bill leaves it in such situation that they can continue to function as they are functioning now until the new administrator shall have time to work out the reorganization problems; but in subdivision (a) of section 1 we have given him ample authority, under the direction of the President, to effect the reorganization. To abolish these offices would create chaos, and I do not think it would be advisable to do that. We are retaining these positions, and it is for Congress to determine in the future whether they are to be retained permanently. The Veterans' Bureau is not the same thing as the Pension Bureau, and, manifestly, you would have to carry out the functions of both in the new set-up with such eliminations of duplication as a study of the situation would warrant. My thought is that the Pension Bureau will probably take over some other work now being done by the Veterans' Bureau in dealing with compensation cases, particularly those which have become fixed. This is a thing which the administrator will have to work out.



Mr. ARNOLD. Does not the gentleman think that with the increasing number of claims we have in the Veterans' Bureau and in the Pension Bureau, if you center the final appeal in all cases in the manager of the consolidated activities, you are imposing upon him a superhuman burden?

Mr. WILLIAMSON. I do not think so. The fact of the matter is there are very few appeals from the Pension Bureau that go to the Secretary of the Interior. There is one in a great while, but there are comparatively few. There are not many appeals from the appeals board in the Veterans' Bureau to the director. The director does not decide very many cases personally. They are decided by the board of appeals and, manifestly, some system for handling appeals will have to be worked out that will simplify and speed up the procedure. In other words, the new director could not undertake to decide every case in person but, nevertheless, the veterans think there should be an appeal to the head of the administration so that there will be some one who will have a final voice in disposing of appeals.

Mr. ARNOLD. How much of an organization will this new director general that you are providing for require?

Mr. WILLIAMSON. No new organization is provided for in this bill. The only new thing we create is an administrator. It is his business to supervise, direct, and coordinate the existing organizations with such changes as he shall think advantageous.

Mr. ARNOLD. He would have to have an office force, a secretary, and stenographers, and assistants.

Mr. WILLIAMSON. We are transferring to him, as I have explained, the duties, obligations, and the powers of the three existing divisions. He will have ample authority to utilize the existing personnel in his own office. We do not have to set up any new organization there or provide for a new force.

Mr. RANKIN. If the gentleman will permit, is not this a more or less roundabout way of taking over these disabled volunteer soldiers' homes?

Mr. WILLIAMSON. This is not a roundabout way of doing so. The bill does it directly.

Mr. RANKIN. I mean, you turn them over to the Veterans' Bureau.

Mr. WILLIAMSON. No; it does not turn them over to the Veterans' Bureau.

Mr. RANKIN. Will not this superdirector, likely, turn them over to the Veterans' Bureau and use them for hospitals?

Mr. WILLIAMSON. Why should he?

Mr. RANKIN. Because there has been an effort here in the House for the last several years to do that and there have been protests coming from the old Federal soldiers, and it seems to me that under this bill, in a roundabout way, you are going to take over those volunteer soldiers' homes, which is about the only thing you are accomplishing by the bill, and whenever you do that they will then be turned over to the Veterans' Bureau.

Mr. WILLIAMSON. I may say to the gentleman that if he wants to have the veterans of the World War eternally supervised by three separate and distinct governmental agencies he can follow that course, but at the present time about 80 per cent of the veterans we are taking care of are World War veterans. What is the necessity of having separate institutions and separate organizations to take care of these veterans when the majority of the veterans in the national homes to-day are World War veterans?

Mr. RANKIN. Why disturb the Pension Bureau? The Pension Bureau is run on infinitely a more economical plan than the Veterans' Bureau. There is no kick coming from those who are under the Pension Bureau. There is no demand from World War veterans that I know anything about to get under the Pension Bureau; and even if there was, this would not put them under that bureau. So why not take the soldiers' homes and the Veterans' Bureau and go squarely to the point and say we are consolidating them and turning these volunteer soldiers' homes over to the Veterans' Bureau and let the Pension Bureau continue its present economical course?

Mr. SPEAKS. Will the gentleman yield for just one question?

Mr. WILLIAMSON. Yes.

Mr. SPEAKS. If this bill should become a law, will it in any manner correct the inequalities and injustices existing in the present system of making awards for disabilities?

Mr. WILLIAMSON. Well, I know of no way by which I can say in advance what the effect will be in that respect. A great deal will depend upon your new administrator. If he is the right kind of an organizer, I think much may be accomplished in providing better procedure.

Mr. SPEAKS. All that the administrator can do is that which the law authorizes him to do.

Mr. WILLIAMSON. Exactly.

Mr. SPEAKS. Would this law authorize the administrator to correct the inequalities and the injustices resulting from the present arrangement?

Mr. WILLIAMSON. I do not know what the gentleman means by inequalities and injustices.

Mr. SPEAKS. I mean where one veteran receives \$100 a month for a disability and a soldier of another war, for a similar disability, receives \$60 a month.

Mr. WILLIAMSON. The administrator does not have a thing to do with that.

Mr. SPEAKS. Then this bill, if it becomes a law, will not change the plan so that these injustices will be corrected.

Mr. WILLIAMSON. Not at all. That is a matter that Congress alone can deal with.

Mr. SPEAKS. All right. Now, another question. If this bill becomes a law it will increase the personnel and the overhead expenses.

Mr. WILLIAMSON. I do not think that is at all probable; it will reduce the personnel in the end.

Mr. SPEAKS. Will the gentleman indicate how it will decrease the personnel?

Mr. WILLIAMSON. Any effective reorganization and elimination of duplication of services will reduce personnel.

Mr. O'CONNOR of Louisiana. Will the gentleman yield?

Mr. WILLIAMSON. I yield.

Mr. O'CONNOR of Louisiana. Many bills have been introduced and referred to the Committee on Military Affairs. The purpose of those bills is to authorize the construction of soldiers' homes throughout the country. I have had the honor of introducing a bill for a home in my section of the country, because the people want a home on the theory that in the years to come it will be necessary, and we want to take time by the forelock. How does this bill take care of the construction of soldiers' homes in the country without any additional legislation?

Mr. WILLIAMSON. Ample legislation now exists for new construction. This is available to the new administrator.

There is no question but that there is a great need in the South for additional homes. Everybody recognizes that fact. I think the South will fare better under the new set-up than is likely if the present organizations continue to function as separate entities.

Mr. O'CONNOR of Louisiana. The gentleman will see the importance of my question to those who have introduced bills, and whose constituents want to come here and press the bill before the Committee on Military Affairs. If I and other Members are assured that when the bill is enacted into law no further or other legislation is necessary, it will give us much-needed information and relieve us from pressure right now.

Mr. WILLIAMSON. I think the Veterans' Bureau has ample power right now to establish hospital units in the South, if it wants to do it. There is no reason to suppose that the administrator will not avail himself of this authority and do justice by the ex-service men in your country.

Mr. O'CONNOR of Louisiana. I wanted to know what the new agency will have the power to do.

Mr. WILLIAMSON. It will have the same power as the three agencies have now.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. WILLIAMSON. I yield.

Mr. COCHRAN of Missouri. I think it would be beneficial and would expedite the consideration of the bill if the chairman of the committee will make it plain to the Members that this bill absolutely does not change existing law in any manner, shape, or form.

It simply provides for the consolidation and coordination of the Veterans' Bureau, the Pension Bureau, and the soldiers' homes, and does not go beyond that. It abolishes neither but brings them all under one head.

Mr. WILLIAMSON. The gentleman from Missouri is entirely right.

Mr. ARNOLD. Will the gentleman yield?

Mr. WILLIAMSON. I will.

Mr. ARNOLD. Paragraph (b), section 1, provides the duties of the administrator. I can not conceive of anything that will give one man in the Government more power and authority than this subsection gives to this man. Does the gentleman know of any other executive officer in any department of the Government that is given so much arbitrary power and authority as is given to the administrator in this case?

Mr. WILLIAMSON. I may say that practically every reorganization bill that Congress has so far enacted carries a similar provision. If you are not willing to trust the President to reorganize these units there is not much we can do. Congress itself can not make the reorganization. The set-up must necessarily be left to the President. It is for Congress to determine

what bureaus and activities are to be brought together. The details of reorganization must of necessity be left to Executive direction.

Mr. ARNOLD. But it seems to me by this section that we have given to this administrator the arbitrary power to abolish the Pension Bureau.

Mr. WILLIAMSON. We have not done anything of the kind. The section specifically says that he can only act in accordance with existing law. We are not changing the law, and he can not do anything that will destroy the functions of this bureau, if he complies with the law.

Mr. ARNOLD. But he has the right to eliminate any of these activities.

Mr. WILLIAMSON. Yes; but only the administrative bureaus and not the statutory bureaus.

Mr. GASQUE. Will the gentleman please explain what he means by section 7 of the bill when it says that it shall be administered under the law now existing except as herein modified?

Mr. WILLIAMSON. Yes; but this bill does not modify the law except to the extent of making them amenable to one head. The gentleman knows that as well as any one on the committee.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMSON. No; I must decline to yield until I can complete my statement on the bill.

Section 2 provides for an administrator of veterans' affairs to head up the new organization, into whose hands are concentrated the duties now imposed upon the National Home Board, the head of the Pension Bureau, and the Director of the Veterans' Bureau. It seemed to the committee that this was essential in order to bring about that unity of program and purpose which is essential to the most economic and efficient administration.

It is patently apparent that the administrator can not attend to all the details of the existing agencies, and it is expected that the Commissioner of Pensions, the Director of the Veterans' Bureau, and the president of the national home board will continue to function very much as at present but with complete coordination under the direction of the administrator. In place of three competitive units, each striving to enlarge its own program and secure the largest possible appropriation, we shall have one organization in which will be centered all relief matters having to do with our ex-soldiers and sailors.

Notwithstanding the fact that the office of a so-called coordinator was created during the last administration with a view to bringing these departments into a more harmonious whole, little has been accomplished in the way of actual coordination. The head of the National Home for Disabled Volunteer Soldiers has continued to go before the Military Affairs Committee with a complete program of his own with little reference to what the Veterans' Bureau was doing. The Veterans' Bureau has proceeded with its own hospitalization and domiciliary program without paying much attention to what the national board was doing. This has resulted in uneconomical use of public funds both in construction and in the care of veterans. Your committee believes that under a consolidated management very large sums of money can be saved annually without in any way curtailing the privileges and the administrative relief now rendered to the veterans of the various wars.

Section 3 transfers all property now standing in the name of the Board of Managers of the National Home for Disabled Volunteer Soldiers to the United States. This board was originally created for reasons largely political in character and due in large part to the hostility of the Congress creating it to the then President of the United States. It has been an anomaly all through these years in that it was not subject to Executive direction or control, notwithstanding the fact that money for the support of the home has been appropriated by Congress ever since it was founded. The property has at all times in reality belonged to the United States and the board has served in the capacity of trustee. This being the situation, Congress has ample authority to transfer the title from the Board of Managers to the United States directly, and this is what the section does.

Section 4 provides for taking over the personnel of the National Home for Disabled Volunteer Soldiers and placing them in the new administration subject to such change in designation and organization as the administrator of veterans' affairs shall deem necessary. Provision is also made for covering them into the civil service if the President should think this advisable. Whether so covered in or not, their salaries would be determined and fixed under the general classification act of 1923. It is not believed that it will be necessary to dis-

charge any of the employees in the existing activities. It is expected that there will be some reduction in personnel, but this can easily be accomplished in connection with the normal turnover without in any way jeopardizing the employment of those desiring to remain in the service.

Section 5 provides for the dissolution of the corporation known as the National Home for Disabled Volunteer Soldiers and discontinues the Board of Managers when the President shall have completed the consolidation, and so declared by proclamation or order. It also provides for maintaining intact all existing contracts and obligations assumed by the Board of Managers, and makes provision for enforcing such contracts or claims in the Federal courts, should this become necessary.

Section 6 contains the usual provisions carried in consolidation bills with respect to appropriations, rules and regulations, and reports. Appropriations for the various activities consolidated will be made available as though appropriated for the administration of veterans' affairs in the first instance. All existing rules and regulations will continue in force until modified or repealed by the new administrator. The administrator is also required to make annual reports to Congress showing the progress made in coordinating and reorganizing the activities brought in under his administration. He is also required to make a fiscal statement to the Congress showing all receipts and disbursements.

Section 7 is a covering section providing that all existing laws, so far as applicable, relating to the Bureau of Pensions, the National Home for Disabled Volunteer Soldiers, and the Veterans' Bureau, shall remain in full force and effect, except as modified in the bill, and shall be administered by the new head of veterans' affairs.

As already stated, the form and character of relief extended to veterans is in nowise altered by the consolidation. In fact, there is no change whatever in substantive law except so far as it is absolutely essential to bring the three existing activities into the new administration of veterans' affairs. All laws relating to pension, disability compensation, hospitalization, and home care for veterans remain intact. No soldier or sailor need fear that his rights are in any way jeopardized or curtailed. On the contrary, the new set-up should result in improving his situation with respect to the relief extended by the Government.

It would be interesting, if we had the time, to go into a detailed analysis of the many laws for the relief of veterans which have been enacted since the foundation of the Government, but time will not permit. It is perhaps sufficient to say that no government on earth has ever dealt with its veterans upon the broad and generous scale that has been practiced by this country. In this connection I shall append a short table showing the amount disbursed for veterans' relief from the foundation of the Government in 1789 to and including June 30, 1929:

Table showing disbursements for veterans' relief

War:	Amount
War of the Revolution.....	\$70,000,000.00
War of 1812.....	48,188,626.06
Indian wars.....	39,922,373.14
War with Mexico.....	59,073,120.76
Civil War.....	7,244,677,080.57
War with Spain.....	386,748,031.08
World War.....	252,312.75
Total paid to pensioners.....	7,846,861,544.36
Disbursed by Veterans' Bureau, etc., for direct benefits to World War veterans.....	3,590,528,893.05
Grand total.....	11,437,390,437.41

During that time there has been expended for pensions alone the stupendous sum of \$7,846,861,544.36. Since the World War there has been expended, up to June 30, 1929, for the veterans of that war the sum of \$3,590,528,893.05, making a grand total of \$11,437,390,437.41 for various forms of veterans' relief. The amount listed as disbursements by the Veterans' Bureau does not include administrative expenses amounting to \$337,527,063.29 or the sum of \$881,062,586.52 disbursed from premium receipts and allotments deducted from service men's pay. The total appropriation for the Veterans' Bureau alone up until June 30, 1929, including that for vocational training, term insurance, mileage and maintenance compensation, family allowance, medical and hospital services, hospital facilities and services, adjusted-service certificate fund, adjusted-service and dependent pay, administrative expenses, exclusive of hospitalization, care and treatment, and miscellaneous amounts to \$4,577,096,351.99. It has been estimated by those most competent to compile such figures that by June 30, 1940, we will have appropriated for the various kinds of relief for the veterans of the late war the unbelievable sum of \$11,028,331,351.99.

I am bringing these figures to your attention for the purpose of showing the imperative necessity of bringing together under



one head of all veterans' relief, in order that the President, the Budget, the Congress, and the country may have a complete picture before them of the entire problem and the tremendous drain upon the Public Treasury. It is imperative that while rendering the necessary relief we should take every possible step that will tend to reduce overhead, utilize existing facilities to the maximum, and bring into the entire organization the highest possible state of efficiency.

Your committee, after having made a careful study of the whole problem for months, are very definitely of the opinion that this can not be done without a very much closer organization than exists at the present time. Three separate activities, duplicating each others' work in many respects and failing to use existing facilities to the maximum, can not possibly function at as low a cost as if these units are properly unified and coordinated under one directing head responsible to the President.

Time will not permit my going into a detailed discussion of the tremendous growth of the Veterans' Bureau since its organization and the rapid increase in expenditures, but I shall insert at this point a statement which has been prepared at my request by the Director of the Veterans' Bureau:

With regard to the development of the United States Veterans' Bureau, its growth, etc., you are advised that when first established it was responsible for the administration and enforcement of the laws relating to compensation, insurance, rehabilitation, and the medical care and treatment of World War veterans. The end of the fiscal year 1928 witnessed the cessation of rehabilitation activities authorized by the act of June 27, 1918. Since its establishment there has been added to its responsibilities the administration of the World War adjusted compensation act and the emergency officers' retirement act.

The appropriations made for World War veterans' relief for the fiscal year 1922 totaled \$406,943,038.15, of which amount \$178,714,182 was for vocational rehabilitation, as compared with appropriations totaling \$527,325,000 for the fiscal year 1930. On August 9, 1921, disability compensation was being paid to 157,270, and death compensation to the dependents of 47,930 veterans. The disbursements for these purposes for the month of August, 1921, were \$9,554,089.27 and \$1,439,861.44, respectively. On December 31, 1929, the active awards for disability compensation had increased to 269,621, and the active death awards to 89,285, while disbursements for these purposes during December, 1929, were \$13,377,112.55 and \$2,618,528.33, respectively.

For comparative purposes, there are shown below the patients in all hospitals on August 11, 1921, and February 28, 1930, distributed by branch of service administering the hospitalization.

Branch of service	Aug. 11, 1921	Feb. 28, 1930
Veterans' Bureau.....		20,930
Public Health Service.....	13,342	635
U. S. Army.....	1,294	2,113
U. S. Navy.....	541	3,160
Soldiers' Homes.....	2,312	1,717
St. Elizabeths.....	811	348
Contract institutions.....	9,430	2,013
Total.....	27,700	30,916

A study of the character of facilities available in hospitals under the immediate jurisdiction of the Veterans' Bureau a short time after its establishment as compared with the present indicates the progress made in providing permanent facilities.

On June 30, 1922, but 59 per cent of the beds in veterans' hospitals were classed as permanent, as compared with over 96 per cent to-day. Coincident with the development of modern government facilities since 1922 has been the decreased use of contract, civil, and State institutions. On June 30, 1922, over 32 per cent of the total hospital load of the bureau was in contract hospitals, as compared with slightly over 6 per cent at present.

Beginning with the act of March 3, 1919, the first legislation appropriating funds for the acquisition of hospital facilities for World War veterans, the Congress has to date authorized to be appropriated the sum of \$92,450,000 for such purpose, of which amount \$82,500,000 has actually been appropriated.

The claims for benefits under the World War adjusted compensation act that had been adjudicated to February 28, 1930, totaled 3,669,557 and were valued at \$3,578,023,288.53.

On December 31, 1929, there had been retired with pay 5,551 officers under the provisions of the emergency officers' retirement act of May 24, 1928. The disbursements for this purpose during December, 1929, totaled \$956,404.75.

I shall also insert at this point a table showing the total number of veterans on the rolls of the National Home for Disabled Volunteer Soldiers, classified by wars as of August 31, 1929.

Total veterans on the rolls of the soldiers' homes, classified by wars, as of August 31, 1929

Branch	Civil War	Spanish War	World War	Total	Per cent of World War veterans
Central.....	399	1,474	1,998	3,871	51.61
Northwestern.....	207	640	1,362	2,209	61.65
Eastern.....	117	487	535	1,139	46.97
Southern.....	200	1,084	880	2,164	40.67
Western.....	464	996	1,254	2,714	46.21
Pacific.....	759	1,810	1,820	4,389	41.47
Marion.....	2	68	1,002	1,072	93.47
Danville.....	287	1,116	1,063	2,466	43.11
Mountain Branch.....	65	667	1,340	2,072	64.67
Battle Mountain Sanatorium.....	89	271	461	821	56.15
Bath.....	100	253	271	624	43.43
Total.....	2,689	8,866	11,086	23,541	50.92

This table shows, among other things, that upon that date over one-half of the inmates of all the branches of the national home were veterans of the late World War. Within a comparatively few years the proportion of the World War veterans in these homes will have mounted to at least 75 to 80 per cent.

Mr. GARBER of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMSON. Yes.

Mr. GARBER of Oklahoma. The gentleman has made a thorough study of this whole question, and, as I understand his exposition of the bill, it is simply a question of reorganization. It does not affect the personnel in the several departments to any extent, does it?

Mr. WILLIAMSON. No.

Mr. GARBER of Oklahoma. But it creates an administrator over all.

Mr. WILLIAMSON. That is so.

Mr. GARBER of Oklahoma. The object, as I understand it, in addition to a more uniform administration, is to secure economies in the administration. Will the gentleman point out the economies that will ensue? Those figures must have been put in the hearings. What economies does the gentleman expect to result from this organization?

Mr. WILLIAMSON. If I were to attempt to outline all of the economies I think would be effected, I would stand here for another two hours. I am not going to undertake to outline the economies in detail.

Mr. GARBER of Oklahoma. Oh, not in detail.

Mr. WILLIAMSON. I will come to that a little later, if the gentleman will permit me to proceed.

To continue the present system of having three separate agencies dealing with the relief problem of veterans of the World War seems to me a manifest absurdity. At present the Veterans' Bureau and the National Home for Disabled Volunteer Soldiers are dealing with essentially the same problem, namely, the hospitalization and domiciliary care of veterans, 75 to 80 per cent of whom are veterans of the late war. Likewise, two agencies, the Veterans' Bureau and the Pension Bureau, deal with compensation and pension. Seventy per cent of the compensations have become fixed, and are to all intents and purposes service pensions. In my judgment, these could be more advantageously and economically handled in the Pension Bureau, which under the new set-up will be retained. This bureau has developed very high efficiency, and with a very small increase in personnel could easily handle this class of compensation cases with a small additional expense to the Government.

There is also great inequality in the kind and character of relief and great disparity in the amount of pension and compensation extended to the veterans of the different wars. As these veterans are more and more thrown together in the hospitals and homes throughout the country and have opportunity to make comparisons, dissatisfaction and complaints increase.

A short time ago the House passed a resolution providing for a joint committee to make a study of all existing veterans' legislation with a view to equalizing benefits, eliminating duplication, and working out a more satisfactory and uniform method of veterans' relief. This problem can be much more easily worked out if we bring all the activities involved under one head.

Dual control of hospitalization and domiciliary care has resulted in improper distribution of veterans' hospitals and homes, causing much unnecessary expense for transportation of inmates. In place of building additional homes to take care of the domiciliary cases, a great deal could be saved by building domiciliary additions to existing veterans' hospitals and adding, where necessary, additional hospital units to existing branches of the national home.

There are at the present time approximately 1,000 patients in veterans' hospitals suffering from mental or nervous disabilities who are no longer in need of hospital treatment. By transferring these to national homes or domiciliary barracks a saving in new hospital construction amounting to approximately \$3,500,000 could be effected. Their transfer to domiciliary barracks would also result in a saving of \$697,000 in maintenance charges due to the very much lower cost per capita in care for domiciliary patients. It has also been estimated that a total saving of approximately \$9,000,000 can be realized by adding domiciliary barracks to veterans' hospitals in place of building new units as would become necessary should a separate organization be maintained to care for the domiciliary cases. It is also believed that a very substantial sum can be saved annually in administrative and other incidental expenses. General Hines has estimated this saving at \$1,500,000.

For the information of the House, I am inserting at this point statements showing the break-up of the dollar in the National Home for Disabled Volunteer Soldiers and a similar table showing the proportion of each dollar expended for the various activities in the Veterans' Bureau.

*Statement of operations and analysis of expenditures, National Home for Disabled Volunteer Soldiers, fiscal year 1929, compared with 1928*

	1929	1928
Average number of members present.....	16,942	15,194
Net expenditures, support of home.....	\$8,794,854.14	\$8,114,856.87
Average per capita cost.....	\$519.12	\$534.08

ANALYSIS OF EACH DOLLAR EXPENDED

General headquarters: Expenses of Board of Managers, including salaries of officers and employees headquarters office, traveling expenses of the board, office furniture, stationery, telegraph, and telephone service, etc.....	\$0.0066	\$0.007
Current expenses: Salaries of all officers and employees engaged in connection with the management of the branch, including supervision, statistics, purchase of supplies, payment of pensions, accounting, inspection and care of supplies and other property, guards, watchmen, band; and expenditures for office supplies, equipment, stationery, telephone, telegraph, supplies and appliances for fire protection, musical instruments, music, books, library equipment, etc.....	.0853	.081
Subsistence: All expenditures for food supplies, for kitchen and dining-room equipment, and for wages of all employees engaged in connection with the preparation and serving of meals.....	.3583	.390
Household: All expenditures for coal, gas, water, laundry supplies, equipment, beds, bedding, and other furniture and household supplies for barracks and quarters, and salaries of all employees engaged in connection with the heating, lighting, water system, laundry, and dry-cleaning plant.....	.1510	.158
Hospital: Salaries of assistant surgeons, trained nurses, and all other employees engaged in the care of the sick; expenditures for drugs, special diet, hospital equipment, caskets, and other hospital supplies.....	.2750	.268
Transportation: Pay of transportation of applicants reporting, members transferred, etc.....	.0007	.001
Repairs: All expenditures for lumber, paints, oils, boilers, machinery, parts, and the general upkeep of buildings and equipment, and salaries of chief engineer and all employees engaged in the maintenance and repair of buildings, steam lines, water lines, etc.....	.0703	.069
Farm: Salaries of all employees engaged in connection with farming operations, dairy, vegetable garden, repair of roads, park system, cemetery, etc., expenditures for all supplies, tools, and equipment used in connection therewith.....	.0270	.031
Clothing: All expenditures for the purchase of cloth, shoes, hats, and all other articles and materials used in the fabrication and repair of clothing, and salaries of all officers and employees engaged in the manufacture, distribution, and repair of all articles of clothing.....	.0258	.025
Total.....	1.0000	1.000

*Statement of operations and analysis of expenditures, United States veterans' hospitals (prepared for comparative purposes with similar statement of National Home for Disabled Volunteer Soldiers), fiscal year 1929, compared with 1928*

ANALYSIS OF EACH DOLLAR EXPENDED

	1929	1928
General headquarters: Expenses of central office business management subdivision, medical service hospital field supervisors, including salaries and traveling expenses.....	\$0.002	\$0.003
Current expenses: Salaries of all officers and employees engaged in connection with the management of the hospitals, including supervisors, statistics, purchase of supplies, accounting, disbursing, inspection, and care of supplies and other property, guards, fire fighters, watchmen, and expenditures for office supplies, equipment, stationery, telephone, telegraph, motor-vehicle supplies and parts, library supplies, etc.....	.092	.089

*Statement of operations and analysis of expenditures, etc.—Continued*  
ANALYSIS OF EACH DOLLAR EXPENDED—continued

	1929	1928
Subsistence: All expenditures for food supplies (patients, employees, and guests), kitchen and dining-room equipment, wages of all employees engaged in connection with the preparation and serving of meals, and all cooking expenses.....	\$0.318	\$0.316
Household: All expenditures for coal, gas, and water (except that used in the dietetics department), laundry supplies, replacement parts and equipment, miscellaneous equipment, and salaries of all employees engaged in connection with the heating, lighting, water system, and laundry.....	.093	.091
Hospital: Salaries of surgeons, physicians, dentists, nurses, O. T. and P. T. aides, laboratorians, technicians, orderlies, and other employees engaged in the care of the sick; expenditures for drugs, dental, laboratory, physiotherapy, occupational therapy supplies and equipment, hospital equipment, burial expenses, and all expenses of the out-patient clinic.....	.409	.416
Transportation: Railroad fares, Pullman, and all incidental expenses of patients and attendants to patients discharged, transferred, or furloughed.....	.011	.010
Repairs: All expenses for lumber, paint, oils, machinery, and boiler parts, and the general upkeep of buildings and equipment, and salaries of chief engineer, electrician, plumber, carpenter, radio operator, and all other employees engaged in the maintenance, care, and repair of buildings, steam line, water lines, etc.....	.060	.060
Farms: Salaries of all employees engaged in connection with farming operations, dairy, poultry, swine, farm and truck garden, care of livestock, and expenditures for agricultural supplies, tools, equipment, and livestock.....	.012	.013
Clothing: All expenditures for patients' clothing purchased under the provisions of General Order No. 348-B.....	.003	.002
Total.....	1.000	1.000

Mrs. ROGERS. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMSON. Yes.

Mrs. ROGERS. Does the gentleman know how many beds will be released for domiciliary care if this plan goes into effect?

Mr. WILLIAMSON. There will be no beds released for domiciliary care, but at least 1,000 beds in hospitals will be released by a transfer of patients to domiciliary barracks.

Mrs. ROGERS. All of the domiciliary barracks are now filled?

Mr. WILLIAMSON. There are about 600 beds vacant at the present time.

Mr. GARBOR of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMSON. I yield.

Mr. GARBOR of Oklahoma. Does this bill require the administrator to make any reports of his administration to Congress?

Mr. WILLIAMSON. This bill requires the administrator to make a report annually showing the progress made in reorganization and a complete financial statement as to receipts and disbursements of every nature to the Congress.

Unified management will enable the President to keep in much closer touch by reason of the concentration of administrative control in one man who will be familiar with the entire situation. The administrator would be in position to visualize the whole problem of veterans' relief and give proper weight to the various needs and services. He would be in a much more advantageous position to submit proper and well-balanced estimates to the Bureau of the Budget and to justify them to Congress than the heads of the present agencies. Legislative committees, in place of being compelled to deal with three separate agencies, would contact with only one representative head who would have no reason to emphasize the importance of one phase of the work as against another. Competitive bids by various agencies for large appropriations would cease. Both the Congress and the country would be in position to visualize the whole problem. The result would be a much better considered and a better balanced legislative program. Available funds could be utilized to better advantage and along the lines where they would prove of the greatest service to those intended to be benefited.

Veterans' relief, as already indicated, is reaching staggering proportions. Already it has climbed to approximately \$780,000,000 annually, distributed between the Veterans' Bureau, the National Home for Disabled Volunteer Soldiers, and the Pension Bureau. This is about 33 per cent of all income taxes collected by the Government annually.

It is essential that the President, the Budget, and the Congress should have these activities brought in under one agency, so as to be able to visualize the whole picture. By placing them under one directing head, overlapping and duplication can be



wiped out; inequalities of care, treatment, pensions, and compensation will more readily lend themselves to adjustment; a proper distribution of beneficiaries can be effected, with consequent great economies, and large sums can be saved in construction costs.

Finally, the new establishment will afford a suitable foundation upon which a humanized superstructure of legislation can be erected, based upon a thorough revision of existing laws dealing with veterans, and the creation of a simplified code that will iron out present inequalities and place all veterans of similar age and suffering similar disabilities upon approximately the same plane with respect to the relief extended, whether it be hospitalization, domiciliary care, pension, or compensation.

Mr. BRIGGS. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMSON. Yes.

Mr. BRIGGS. Does the gentleman think that the creation of this new organization or bureau, combining the activities of the units mentioned, is going to introduce more complexities in the efforts of soldiers to get relief or will it lessen those complexities?

Mr. WILLIAMSON. In my judgment it should greatly simplify procedure in the end.

Mr. BRIGGS. Does the gentleman not think that to-day the Veterans' Bureau has been made one of the most complex organizations for obtaining relief that has probably ever existed in the annals of any government?

Mr. WILLIAMSON. Our committee started out with that idea; but I think a more complete study has developed several phases which it is important this House should know. The Veterans' Bureau is operating under the most complex set of laws ever enacted by any government for veterans' relief. In many cases the veterans can appeal indefinitely. You have cases in the Veterans' Bureau that are 3 feet thick, and the reason is not because of bad administration, but because of complicated laws under which the bureau is operating. No decision becomes final.

Mr. BRIGGS. Do you not think that the power of the Veterans' Bureau to review these cases under laws and regulations, adopted without number, whereby it summons veterans in every three or six months for reexamination, and then possibly increasing but more often reducing the percentage of compensation for disabilities allowed them before, has served to make this the most complex bureau that has ever been created under the Government.

Mr. WILLIAMSON. The veterans have to go before the local board in the first place. From this they can appeal interminably. In the Pension Bureau, when a claim is once adjudicated that is the end of it. But under the existing law all veterans of the World War, if not satisfied, can begin all over again and go through the Veterans' Bureau any number of times, and the bureau can not stop them.

Mr. BRIGGS. It is operated so that men from all over the United States are constantly having their compensation discontinued or denied, and then compelled to travel here and there to get the compensation granted or restored, with the result that Members of Congress have a tremendous amount of labor to perform on the same cases over and over again.

Mr. WILLIAMSON. That is what I say. I think this would tend to stop it.

Mr. BRIGGS. Do you think this will add one more obstacle in the way of relief, or do you think it will lessen the present number of obstacles?

Mr. WILLIAMSON. My idea is that it will result in the final revamping of all veterans' legislation. That will give us a simplified code and a simplified procedure and should rid us of these complexities.

Mr. BRIGGS. You mean that back of this reorganization now will come a recommendation by the administration for a change of the law, and that this is just a preliminary step to that end?

Mr. WILLIAMSON. Yes; I believe that this is just a preliminary step to that end.

Mr. BRIGGS. And your thought, or the committee's thought, is that this measure will operate to give the men better results and more justice than they are now receiving?

Mr. WILLIAMSON. Yes; and with the same amount of expenditure.

The CHAIRMAN. The time allowed by the gentleman to himself has again expired.

Mr. WILLIAMSON. I will yield to myself two additional minutes.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMSON. Yes.

Mr. GREEN. It seems to me the worst trouble with the Veterans' Bureau is this: That the local units are not given final jurisdiction. In the administration of the Pension Office

the settlement is final when it is once made. In the case of the Civil War veteran the applicant can go first to a local examining board and then his case is forwarded to Washington, where his claim is settled. I think the local agency should alone be given final jurisdiction in the matter.

Mr. WILLIAMSON. That is a matter that only Congress can decide.

Mr. GREEN. If we can put the veterans' legislation through, if by this legislation or by subsequent legislation we can put it all under the Bureau of Pensions and have a man like the present Pension Commissioner, Mr. Church, at the head of it, you would have the whole thing wound up neatly like a spool.

Mr. WILLIAMSON. Now, I can not yield further.

Mrs. ROGERS. Mr. Chairman, will the gentleman yield for a question?

Mr. WILLIAMSON. Yes.

Mrs. ROGERS. I just want to bring out one point. I understand that if the men are not satisfied with the examination they receive, they can appeal to the principal bureau and have the examination made by another board, so that they can always go working on their claim for pension.

Mr. WILLIAMSON. When a claim is once settled the decision of the Secretary of the Interior is final, and if they wish to proceed further they have to begin all over again.

Mrs. ROGERS. They would have to apply again?

Mr. WILLIAMSON. Yes.

Mr. GASQUE. Mr. Chairman, I yield to myself 20 minutes.

The CHAIRMAN. The gentleman from South Carolina is recognized for 20 minutes.

Mr. GASQUE. Mr. Chairman and members of the committee, I do not want to take up much of your time, but I do want to call to your attention the fact that you are asked to pass upon one of the most far-reaching pieces of legislation that has come before this House since I have been a Member of it. You are asked to abolish the Pension Bureau, practically, an institution which has been in the service of the Government, taking care of the veterans, for over 100 years. It has operated, so far as I know, to the satisfaction of all the people of the United States. You are asked to abolish the Veterans' Bureau, the Soldiers' Home Board, and place all of the functions and powers of these under one man.

This legislation as you know is the outcome of a recommendation by the President and a commission which was appointed by him to study just what kind of legislation should be passed for the relieving of the overlapping agencies in the various bureaus and departments dealing with veterans' activities. I want to read to you what the report of that commission was. I hope the Members will listen. This commission was composed of Hon. Ray Lyman Wilbur, Secretary of the Interior, chairman; Frank T. Hines, now Director of the Veterans Bureau, a member; George H. Wood, of the Old Soldiers' Home Board, a member; Walter H. Newton, member, secretary to the President; and Mr. C. B. Hodges, secretary. And here is what they have to say, after extended hearings and investigation. I want to take the time to read to you that report, so that it will go into the RECORD. I read:

COMMITTEE ON COORDINATION OF VETERANS' MATTERS,  
Washington, October 1, 1929.

To the PRESIDENT:

1. The committee appointed by the President on May 23, 1929, submits the following preliminary report.

2. The attached exhibits give detailed information concerning committee meetings, organization of subcommittees and their investigations, and other matters having a bearing on the subjects assigned to the committee.

3. The committee recommends:

(a) That the President should be given by Congress the power to bring under a common head all forces of the Government for veterans' relief, so as to obtain better coordination and so that a uniform program can be developed for the future. (If the President should so desire, the committee will submit the draft of a bill to bring this about.) No effort to bring existing legislation into a uniform program is recommended.

(b) That the President take immediate steps for coordination as follows:

(1) Create a central coordination committee composed of representatives from the Pension Bureau, National Home for Disabled Volunteer Soldiers, and the Veterans' Bureau to meet at periodic times in Washington.

They do not say anything about consolidation, but do recommend coordination; and that is what a large number of the committee and practically every man, with very few exceptions, who appeared before our committee, was in favor of; a coordination of these activities, not a consolidation.

Mr. SCHAFFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. GASQUE. I will yield later, after I finish reading this report.

You will observe that it recommends the creation of a central coordination committee, composed of representatives from the Pension Bureau, the National Home for Disabled Volunteer Soldiers, and the Veterans' Bureau, to meet at periodic times in Washington. Then it states what its function should be. Let us see what these functions should be. I read:

Its functions should be to continue on a permanent basis the conferences initiated by this committee as a clearing house for data promoting avoidance of overlaps, joint utilization of medical and hospital facilities, interchange of up-to-date statistics on facilities available, avoidance of unnecessary transportation—

And so forth.

Mr. GARNER of Oklahoma. Will the gentleman inform us from what page he is reading?

Mr. GASQUE. This is on page 62 of the hearings, in Mr. Wilbur's statement.

(2) Create district coordination committees, similar to the central committee, but functioning at strategic field points.

Their local duties should be similar to those of the central committee.

They should be charged with the responsibility for furnishing current data to the central committee upon facilities available and possibilities of coordination. Effective teamwork must be secured by practical and informal cooperation in the field before it can be effected by formal direction from Washington.

What does this bill propose? It proposes to direct what shall be done, or to give one man the power to direct what shall be done.

The President's committee was absolutely opposed to that, as will be seen from this report.

(c) That this committee be continued in existence to make a further study of the results achieved by the above-mentioned coordination committees within a trial period, say of one year, and, if so desired by the President, to make further recommendation concerning the manner of bringing existing agencies for veterans' relief under a common head.

4. The committee invites particular attention to the opinions expressed in the committee meetings to the effect that all further legislation or other measures for the relief of veterans should be based on need.

Mr. Chairman, as a member of the committee, and having attended practically all of the hearings, I am convinced that the recommendation of this commission appointed by the President is as far as the House should go. We know that there is overlapping in the administration of the veterans' affairs. We know that coordination is needed, and it should be brought about. But, gentlemen of the committee, I want to say that to pass this bill in which a new and powerful bureau is created, the most powerful bureau that has ever been created by act of Congress, is going too far at one time. We are going too far and we are giving one man too much power.

This bill, which is very adroitly drawn, appears harmless, but if you read it carefully and thoughtfully you will see that you are practically giving this administrator of veterans affairs the right to abolish the Pension Bureau, the Veterans' Bureau, and the Old Soldiers' Home Board.

Mr. WILLIAMSON. Will the gentleman yield?

Mr. GASQUE. I yield for a question.

Mr. WILLIAMSON. The gentleman knows, however, that Secretary Wilbur advocated ultimate consolidation.

Mr. GASQUE. I wish to say right there, sir, that I am in favor of ultimate consolidation, but I do not believe in doing it by one stroke of the pen. I do not think there is a Member of this House who does not think that there should be ultimate consolidation, but it should not be done in the way that is provided here. Secretary Wilbur said:

I favor ultimate consolidation of these agencies, but this bill is going too far and too fast. It will cause revolution—

And so forth.

That is exactly what he said about it.

Subdivision (b) of section 1 of this bill reads:

Under the direction of the President the administrator of veterans' affairs will have the power, by order or regulation, to consolidate, eliminate, or redistribute the functions of the bureaus, agencies, offices, or activities of the administration of veterans' affairs and to create new ones therein, and, by rules and regulations, shall fix the functions thereof and the duties and powers of their respective executive heads.

I understood the distinguished chairman a few moments ago to say that this bill did not abolish the head of the Pension

Bureau or the Veterans' Bureau. But let us see about it. Section 2, lines 21 to 25, inclusive, of this bill reads:

Upon the establishment of such administrator of veterans' affairs all the functions, powers, and duties now conferred by law upon the Commissioner of Pensions, the Board of Managers of the National Home for Disabled Volunteer Soldiers, and the Director of the United States Veterans' Bureau are hereby conferred upon and vested in the administrator of veterans' affairs.

Does that abolish the position that Mr. Hines now occupies? Does that abolish the position that Mr. Church occupies? If all the powers and functions are taken away from him, I do not know what they would want with the jobs unless to just sit there and draw the salary.

Mr. Chairman and Members of the House, I shall be glad to support a bill that has for its end the ultimate consolidation of veterans' activities, and I feel that it is very necessary that Congress should at this time pass a bill to that effect, but I shall oppose any such drastic legislation as the present bill, which will abolish the Pension Bureau, one of our oldest established institutions, or which will abolish the Veterans' Bureau, or which will abolish the Old Soldiers' Home Board without giving them any voice in it.

The first bill that came before us for consideration, and the bill upon which the hearings were held, was a bill identical with the present bill, except it provided that all these activities be placed under the Veterans' Bureau. It was a much better bill than the present bill, in my opinion, because in that case we knew to whom we were giving this superpower. But the creation of a czar who will have full power over the expenditure of \$800,000,000, without knowing to whom we are giving that power, is not proper, in my opinion, and I shall oppose the giving of any such unlimited power to one man. At the proper time I shall offer some amendments to this bill, which I am sure all the Members can support. I feel sure that if the members of the committee will read the full hearings that were held by the Committee on Expenditures in Executive Departments, they will think a long time before supporting this bill.

Mr. GREEN. Will the gentleman yield?

Mr. GASQUE. I yield.

Mr. GREEN. I trust the gentleman from South Carolina will be able to incorporate such amendments as will protect the Pension Bureau. I find that the service obtained under the efficient administration of Commissioner Church is not comparable with the Veterans' Bureau. In 24 hours adverse or favorable action, as the merits warrant, can be secured on a claim in the Pension Bureau. It seems to me that in the ultimate consolidation of all veterans' affairs it would be better to consolidate them under the old, tried, and established Pension Bureau, where there is workable efficiency. War veterans of all wars can get attention without red tape.

Mr. GASQUE. I will say to my colleague that I am in favor of keeping the various activities just as they are, with a director of veterans' affairs, who shall be appointed by the President, for the purpose of studying where the overlapping activities can be eliminated, and which will ultimately bring about just what this bill proposes by one stroke of the pen to do.

Mr. WILLIAMSON. Will the gentleman yield?

Mr. GASQUE. I yield.

Mr. WILLIAMSON. The gentleman from South Carolina made a statement a moment ago which I hardly think he intends to be taken literally. The gentleman does not contend that this bill abolishes the Pension Bureau, does he?

Mr. GASQUE. Mr. Chairman, it abolishes all the duties of the head of the Pension Bureau. I do not think I said it abolished the Pension Bureau. I said it abolished the head of the Pension Bureau, the position occupied by Mr. Church. It abolishes the position of Director of the Veterans' Bureau and it abolishes the Soldiers' Home Board or gives the power to do this to the newly created office.

Mr. WILLIAMSON. The bill does not abolish the head of the Pension Bureau. The law establishes the Pension Bureau and defines its functions. There is not one word of the law establishing the Pension Bureau repealed. The Commissioner of Pensions will continue the same as now, because the position is not being abolished.

Mr. GASQUE. But section 7 of this bill provides:

That all laws relating to the Bureau of Pensions, the National Home for Disabled Volunteer Soldiers, and the United States Veterans' Bureau, and other governmental bureaus, agencies, offices, and activities herein authorized and directed to be consolidated, so far as the same are applicable, shall remain in full force and effect, except as herein modified.



I contend that subparagraph (b) of section 1 modifies them very extensively. At the bottom of page 2, in section 2, there is another extensive modification.

Mr. WILLIAMSON. I entertain a very high regard for the opinion of the ranking Democratic member [Mr. GASQUE], but, in all fairness, subdivision (a) of section 1 simply provides that only such bureaus and activities as are not created by law can be abolished, consolidated, or redistributed. In other words, it only relates to administrative bureaus. The Pension Bureau is established by law and its functions are defined. That can not be tampered with, because it would be inconsistent with the law to do so. The purpose of this bill is simply to transfer the duties now devolving upon the Commissioner of Pensions to the new administrator so that he can properly coordinate the activities. The Commissioner of Pensions will undoubtedly continue to function much as at present, but under the direction of the administrator.

Mr. GASQUE. Except such as are modified by this bill.

Mr. WILLIAMSON. The Commissioner of Pensions will decide pension cases just as he does now.

Mr. MONTET. Will the gentleman yield?

Mr. GASQUE. I yield.

Mr. MONTET. If the authority conferred by this bill is only that stated by the chairman of the committee, would not that coordination be in keeping with the views of the gentleman from South Carolina?

Mr. GASQUE. I am not going altogether by the statement of the chairman of the committee, because his construction of what the bill provides and my views are not in accord, but by the bill.

Mr. MONTET. But if the bill did not go any further than is stated by the chairman of the committee, it would be only for coordination and not consolidation?

Mr. GASQUE. That is correct, and if that be true, why not strike out the word "consolidation" and all other language in the bill pertaining to consolidation and provide only for coordination? If that is done, I will support the bill.

Mr. O'CONNOR of Louisiana. Does not my colleague think it would improve the bill considerably and effectuate the purpose of more largely serving the interests of the soldiers if some provision were inserted in the bill which would affirmatively set forth the right of this new agency to construct new soldiers' homes without any additional legislation on the subject being necessary, so as to take care of the needs of the soldiers in their advancing years?

Mr. GASQUE. I think that ought to be done.

Mr. GREEN. I would like to suggest that I think that is very important. We have recently appropriated \$14,000,000, and right now it takes two or three weeks and even two months for me to get an almost-dying veteran hospitalized.

Mr. PEAVEY. Will the gentleman yield?

Mr. GASQUE. Yes.

Mr. PEAVEY. The gentleman, as a member of the Pension Committee, is aware of the fact that several members of that committee, in fact, the committee as a whole, contemplate reporting to the House at an early date the bill known as the Swick bill for the relief of World War veterans. If this bill passes does the gentleman believe that committee would still be in favor of reporting that legislation?

Mr. GASQUE. As one member of that committee I would not be in favor of it and I do not believe a single member of that committee would be in favor of it if this bill were passed.

Mr. EVANS of California. Will the gentleman yield?

Mr. GASQUE. Yes.

Mr. EVANS of California. Did I understand the gentleman to state that this bill had been submitted to the Secretary of the Interior and that the Secretary had reported against it?

Mr. GASQUE. No. However, a bill very similar to this was submitted to him, and practically the same bill as this, the only difference in this bill and the one submitted to the Secretary of the Interior is that all of these activities shall be consolidated under the Veterans' Bureau, which I consider a whole lot better bill than this, because there we knew who was going to administer these affairs, while under this bill we do not know who it is going to be.

Mr. EVANS of California. But the Secretary of the Interior reported against that bill.

Mr. GASQUE. He was absolutely opposed to it, as the hearings show.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. GASQUE. Yes.

Mr. SCHAFER of Wisconsin. On what grounds would the gentleman vote against reporting out the Swick bill if this bill passes?

Mr. GASQUE. Because there would be no need for it.

Mr. SCHAFER of Wisconsin. In what respect?

Mr. GASQUE. There would be no need for it.

Mr. SCHAFER of Wisconsin. I do not believe that bill is pertinent to the consideration of this bill, and therefore the gentleman has no valid reason to back up his assertion.

Mr. GARBER of Oklahoma. Will the gentleman yield?

Mr. GASQUE. Yes.

Mr. GARBER of Oklahoma. The gentleman stated he intended to offer some perfecting amendments, which he indicated would improve the administrative features of this bill. I hope the gentleman has not in mind an amendment which would put the administration in the Veterans' Bureau.

Mr. GASQUE. I have not, sir.

Mr. GARBER of Oklahoma. Thus enmeshing and engulfing it into a maze and multiplicity of committees to pass the buck from one organization to the other and not accomplishing anything practical.

Mr. GASQUE. I will assure the gentleman I have no such intention.

Mr. GARBER of Oklahoma. With that assurance I am certainly in accord.

Mr. WILLIAMSON. Mr. Chairman, I yield five minutes to the gentleman from South Dakota [Mr. JOHNSON].

Mr. JOHNSON of South Dakota. Mr. Chairman, the matter of the administration of veterans' affairs, so far as World War veterans are concerned, has passed from committee to committee in this House, and has passed from bureau to bureau, so far as the executive departments are concerned. We have had the War Risk Bureau; we have had the Treasury in command; we have had so many boards that I shall not attempt to enumerate them, and legislation has been brought out of different committees of this House.

As a result of the difficulties that have arisen in administration—and they were very natural difficulties, because no one in the Government had any conception of the problems that we would have and no experience in handling them—we have finally brought out this bill, which originated with the committee of which I have the honor to be chairman, the Committee on World War Veterans' Legislation. I introduced the first bill along this line in 1924, prior to the formation of the committee that now has the matter in charge. The Veterans' Committee unanimously reported this measure several times with slight changes in phraseology. I have been studying the matter since that time and since the committee which now has the matter in charge was organized.

In 1924 I introduced the bill referred to by the distinguished gentleman from South Carolina, and the proposition before us now is the result of all that work.

I have become thoroughly convinced that this consolidation is necessary on the broad general theory that we must treat the veterans of all wars exactly alike and lay down a policy for the future of this country that will guarantee that all veterans will be treated alike.

So far as I am personally concerned, I would be perfectly willing to abolish the Veterans' Committee, create any other committee, or turn it over to the Pension Committee, because I do not think it makes much difference which group handles it so long as you consolidate it in one place and under one head.

Now, if this bill passes let no man think this problem is going to be solved in one year or five years. You will be operating on this consolidation 10 years from now, because any executive must move very slowly from the fact that he will have many organizations to put into one group. I know that the first step would be to pick out some man to head this organization as administrator, that these activities would continue to function as they are now functioning for some time, and that the process would be to gradually, slowly, and carefully take these organizations over piece by piece and bit by bit.

One of the great things, to my mind, will be that you will consolidate all the hospitals, save a great deal of money, and give all the men exactly the same sort of food and treatment.

As the years have gone by I have made many attacks upon the Boards of Managers of the Soldiers' Homes, not because I did not believe they were honest men, not because I did not believe they were doing the best they could, but the attacks were made on the system; and I expect to offer an amendment to this bill for the men whom I have previously, apparently, attacked, providing that the President may take the members of the Boards of Managers of the Soldiers' Homes and use them as an advisory body, because we certainly do not want to lose the experience and the training of any group of men when this problem is being worked out. I expect to offer an amendment that will authorize the President to retain their services for five years in a purely advisory capacity at the same rates of compensation which they now receive, and by that time, if any of them wish to continue in the service in the administration of veterans' affairs, which by that time will take \$1,000,000,000 a year, they will be able to fit into the picture and into the organi-

zation. In other words, we are not trying to abolish some one because we dislike him, we are trying to coordinate for the good of the Government service.

The CHAIRMAN (Mr. HANCOCK). The time of the gentleman from South Dakota has expired.

Mr. WILLIAMSON. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. JOHNSON of South Dakota. I think somewhat indicative of what our viewpoint should be is the study made by the great veterans' organizations of the United States who have all indorsed this legislation. Sometimes these organizations think they can run the Government of the United States—they can not do it—and sometimes they pass resolutions in their conventions that ought not to be enacted into law by Congress. I have opposed some of these resolutions in the past, and as long as I am a Member of this body I expect to oppose some of their resolutions; but when their executive committee have operated and indorsed legislation of this kind I think we should take into consideration the fact that such resolutions are carefully considered by competent men and do not represent the enthusiasm of a convention.

Mr. GASQUE. Will the gentleman yield?

Mr. JOHNSON of South Dakota. I yield, but I may have to get some time from the gentleman, because I only have a moment.

Mr. GASQUE. I understood the gentleman to say that all the veterans' organizations of the World War have indorsed this bill.

Mr. JOHNSON of South Dakota. As I understand it, the American Legion and its leaders and the Disabled American Veterans have indorsed this bill. The Veterans of the World War I am not certain about.

Mr. GASQUE. Does the gentleman refer to this particular bill?

Mr. JOHNSON of South Dakota. To the scheme of legislation for a consolidation.

Mr. GASQUE. This bill is quite different from that.

Mr. JOHNSON of South Dakota. I do not know that it was the same bill, but the substance and effect are the same, and in my judgment, after some familiarity with the subject, their indorsement would include indorsement of this proposed legislation so far as its substance is concerned.

Mr. PEAVEY. Will the gentleman yield?

Mr. JOHNSON of South Dakota. Yes.

Mr. PEAVEY. I would like to ask the gentleman whether, in his judgment, Congress could not well consider the recommendation of the President's committee and coordinate these departments instead of consolidating them?

Mr. JOHNSON of South Dakota. I will say to the gentleman there is no such thing as coordination of departments, and I do not think there will ever be such a thing. Some one has to be the boss in any organization, some one has to say which way the crowd shall go, whether it is a number of bureaus or an aggregation of regiments in a war. [Applause.]

Mr. GASQUE. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Chairman and members of the committee, after hearing the testimony of all concerned who cared to appear, together with my personal knowledge of the administration of the laws which govern the Veterans' Bureau, Pension Bureau, and National Homes for Disabled Volunteer Soldiers, I have come to the conclusion that it will not only be to the best interests of the Government but also the veterans for this bill to be enacted into law.

The committee, of which I am a member, heard the Director of the Veterans' Bureau, the Secretary of the Interior, the president of the Board of Managers of the Soldiers' Homes, as well as representatives of veterans' organization and others interested, and had the report of the committee appointed by the President to consider the consolidation of veterans' activities.

There existed in the minds of some of the witnesses, as well as some of the members of the committee, a fear that if the Pension Bureau was absorbed by the Veterans' Bureau the efficient service now rendered by the Pension Bureau would cease and veterans of the Civil, Indian, and Spanish wars would experience a great deal of delay in having their claims adjudicated. There was a demand to save the Pension Bureau.

Anyone who will read section 7 of the bill must come to the conclusion that the Pension Bureau is not to be abolished. The section reads as follows:

All laws relating to the Bureau of Pensions, the National Home for Disabled Volunteer Soldiers, and the United States Veterans' Bureau, and other governmental bureaus, agencies, offices, and activities herein authorized and directed to be consolidated, so far as the same are ap-

plicable, shall remain in full force and effect, except as herein modified, and shall be administered by the administrator of veterans' affairs, except that section 4835 of the Revised Statutes is hereby repealed.

The only law repealed is section 4835 of the Revised Statutes, which reads as follows:

All inmates of the National Home for Disabled Volunteer Soldiers shall be subject to the rules and articles of war, and in the same manner as if they were in the Army.

I am sure all will agree that the section quoted should be repealed.

Mr. Chairman, both political parties favor consolidation of Government agencies, as expressed in the platforms adopted by national conventions.

When an attempt has been made in the past to bring about consolidation the question of saving the personnel is always given preference over the question as to whether or not such a consolidation would be in the interest of efficiency and afford a reduction in expenditures. There was no exception to this rule when this bill was taken up. The proposed set-up will bring under one head, an administrator of veterans' affairs, 30,780 employees, 24,320 now in the Veterans' Bureau, 637 now in the Pension Bureau, and 5,823 now in the Soldiers' Home organization. The total appropriations for the three agencies for the fiscal year 1930, which ends July 1, was nearly \$800,000,000.

Yesterday the bill increasing pensions of Spanish War veterans passed, increasing the appropriation \$12,000,000, provided it is signed by the President. Next week the Johnson bill will be passed and it will add \$100,000,000 to the Veterans' Bureau budget while hearings are now being held by the Veterans' Committee in connection with requests for 26 additional hospitals to cost on an average of \$1,000,000 each. Then you have the bill under consideration by the Committee on Pensions granting pensions to World War veterans and their dependents which, according to the estimates, will cost \$60,000,000 the first year. Within a year or two you will have a budget for veterans' relief of all classes under the jurisdiction of the administrator of veterans' affairs in round numbers of \$1,000,000,000. There are a number of Members of the House to-day who were here in 1910 when the annual appropriations totaled \$1,000,000,000, the first billion-dollar Congress, as it was termed. Thus it will be seen that the amount now being appropriated for veterans' relief equals the total cost of conducting the Government in 1909.

It was suggested that the Pension Bureau should absorb the Veterans' Bureau and soldiers' homes and that a division should be created in the Department of the Interior with the Secretary having an assistant to administer veterans' relief.

I am unwilling to vote for any bill which does not provide that the sole duties of the official in charge be confined to handling the affairs of veterans. The Secretary of the Interior has sufficient work now to claim his attention without adding to his burdens the administration of laws carrying expenditures of a billion dollars annually, more by far than is appropriated for any other department of the Government.

With three separate agencies handling veterans' relief all interlocked, it is evident that in the interest of economy and efficiency it will be beneficial to consolidate the three into one agency where the administration of the laws will be under one roof and one head. There will be a separate division for the World War veterans, another for the activities now handled by the Pension Bureau, and a third to look after the soldiers' homes.

Considerable criticism was directed at the Veterans' Bureau due to the manner and delay in handling claims. In contrast to this witnesses pointed out the cost of handling claims in the two agencies and cited the length of time it took to adjudicate a case in the Pension Bureau in comparison to the time required by the Veterans' Bureau. They argued for Pension Bureau system in preference to that of the Veterans' Bureau.

In this connection it must be remembered that in most of the cases handled by the Pension Bureau it is unnecessary to show service connection for the disability, while under the veterans' act no compensation can be granted until the bureau has been satisfied that the disability is directly the result of the man's service or that he is entitled to consideration under the presumptive clause.

Under the general pension law service connection is required, and in such cases it will be found that it takes the Pension Bureau just as long to determine if the applicant is entitled to recognition as it takes the Veterans' Bureau.

The veterans need have no fear that their interests will not be safe in the hands of an administrator of veterans' affairs because the Congress will see to it that the laws are properly administered.



The gentleman from South Carolina [Mr. GASQUE] read the report of the President's commission.

At the conclusion of the report which the gentleman from South Carolina read, the committee stated that if the President desired, the committee would submit a draft of a bill to carry out its recommendations. I asked the Secretary of the Interior and I asked the Commissioner of Pensions whether the President had ever asked them to submit such a bill. They replied that the President had not, and, therefore, it is evident their report did not receive the approval of the President. I have no right to speak for the President, but we were given to understand that the President is satisfied with this proposed set-up.

Ladies and gentlemen, you are going to hear considerable said about subsection (b) of section 1. The purpose of subsection (b), as was brought out in the hearings, is to enable the administrator of veterans' affairs to coordinate the activities of the various agencies of which he will be the head. For instance, you will have one division of finance where you now have three, you will have one legal division where you now have three. You will have one man to purchase supplies where you now have three, and so on down the line. This is the purpose of that section, and the administrator of veterans' affairs can not go beyond section 7 of this bill, which specifically states that he can not abolish the Pension Bureau, that he can not abolish the soldiers' homes, or the Veterans' Bureau, because it is stated in this section that the laws are to remain intact.

Now, gentlemen, I know something about the way the veterans' relief has been administered. I venture to say that there is no Member in this House, possibly with the exception of the lady from Massachusetts [Mrs. ROGERS] and the gentleman from Wisconsin [Mr. SCHAFER], who have handled more cases in the Veterans' Bureau than I have. The fact is that when the war risk insurance bill was originally enacted I personally filed the first application under that law. I have followed the bureau from that day to this. I have had quarrels with the heads of the Veterans' Bureau; I have had cases reopened three and four times; and I can say that, in my opinion, General Hines is conscientiously trying to follow out the duties imposed upon him by the Congress.

Congress is responsible for the laws as they exist to-day, and General Hines is trying to administer them to the best of his ability.

I have no idea whom the President proposes to make administrator of the veterans' affairs, but I, for one, would be perfectly satisfied to see General Hines in that position. If you will take the burdens off of his shoulders, enough to keep 10 men busy, and let him be the boss of this proposed set-up, you will have an efficient organization. He will have time to organize it properly.

I want to say further that I have had many cases before the Pension Bureau, and I have had some experience in that line. My experience is that it takes just as long to handle a case before the Pension Bureau when there is a question of proving service origin as it does before the Veterans' Bureau. I speak now of a case under the general law.

Mr. KNUTSON. Will the gentleman yield?

Mr. COCHRAN of Missouri. Yes.

Mr. KNUTSON. Did the gentleman ever have a case before the Pension Bureau that has taken two or three years? If he has, I would like to have him state it.

Mr. COCHRAN of Missouri. I have not had any case before the Pension Bureau that has taken two or three years, but I have had several that took six months and possibly a year, cases sent to the field for special examination.

Mr. GASQUE. Mr. Chairman, I yield 20 minutes to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Chairman, the legislation brought in by the gentleman from South Dakota [Mr. WILLIAMSON] takes me back to the Sixty-fifth Congress, or 13 years ago, when we had up for consideration the measure to establish what was to be known as the War Risk Insurance Bureau, and later changed to the Veterans' Bureau.

I opposed the enactment of that legislation on the ground that it would not meet requirements and that it proposes to embark the Federal Government upon an uncharted sea, which venture might prove to be very expensive.

The legislation to establish the original bureau was passed with but few dissenting votes, mine being among the number. The very things that I foresaw at that time have happened, and I do not believe that there is a Member of this House who will not agree that it would have been much more satisfactory and infinitely cheaper to have applied the old pension system to the World War veterans rather than the system now in vogue. And I dare say that if the proposition were to be resubmitted to Congress it would never get out of committee.

To my mind, this legislation will merely aggravate the situation. The original Williamson bill provided for a consolidation of the Bureau of Pensions and the National Home for Disabled Volunteer Soldiers, in the Veterans' Bureau and under the director thereof. When the hearings were held many appeared in opposition to this legislation, myself among the number. At the time of my appearance before the Expenditures Committee I suggested a coordination of the various activities under one head and a gradual consolidation which could be brought about later without friction.

I observe that Chairman WILLIAMSON has modified his measure in that it creates an administration of veterans' affairs at the head of which will be an administrator. Under this new set-up will be brought the three agencies—the Veterans' Bureau, the Bureau of Pensions, and the National Home for Disabled Volunteer Soldiers. The administrator of veterans' affairs under the bill we now have under consideration would—get this—have the power to consolidate, eliminate, or redistribute the functions of the bureaus, agencies, officers, or activities in the administration of veterans' affairs and to create new ones therein, and by rules and regulations it is proposed that he shall fix the functions thereof and the duties and powers of their respective heads not inconsistent with law. This is in accordance with Subdivision B of section 1 of the measure that we are now considering.

In the report of the committee it is stated that there is no thought of destroying the present set-up in the various agencies, but if language means anything this bill provides that the head of the new department shall have such authority if he desires to use it. The report also states that the line "not inconsistent with law" would prevent the elimination of the Bureau of Pensions. No one can tell just what that provision would mean, but there is no doubt that a consolidation could be brought about in such a manner as to practically eliminate the Bureau of Pensions, even though the name were retained. In other words, it depends entirely upon who will be at the head of the administration of veterans' affairs as to what will be done. Under the bill, if he so desires, the director may cause a consolidation in such a manner as to bring them within the Veterans' Bureau, only that it would probably be called by another name.

As I see it, the new bill is practically the same as originally introduced, save that the name of the Veterans' Bureau has been changed. It is probable that the present system followed in the Veterans' Bureau would be carried into the new set-up for the reason that they are sponsoring the bill and the more than 24,000 employees of that bureau would dominate the situation, as against the 600 clerks of the Bureau of Pensions. Let the House make no mistake. If this legislation is enacted into law, it will result in the elimination or subordination of the Pension Bureau. Those who are opposed to this legislation favor a coordination of the various activities under one head and later consolidation by Congress, instead of vesting the power to bring about such consolidation in the head of the new organization. No one is opposing an ultimate consolidation, but we feel that at this time it will bring about unnecessary confusion when it could be accomplished later without serious objection being raised. When the time comes I propose to offer to this measure several amendments, among others being one to eliminate paragraph (b) of section 1; also to strike out all after the period in line 21, page 2, to and including the word "affairs," in line 3, page 3; also all of paragraph (a), section 5. With these changes the measure would not be so objectionable.

Mr. JOHNSON of Texas. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. Gladly.

Mr. JOHNSON of Texas. What the gentleman is interested in and what I am interested in is the effect that this legislation will have in dealing with the rights of those seeking pensions or relief as World War veterans. I would like to get the gentleman's idea. I know his long experience as chairman of the Committee on Pensions qualifies him to express an opinion of value with reference to that. I would like to have his opinion about what effect, if any, this will have on it, whether it will liberalize or restrict the rights of applicants for pensions as World War veterans?

Mr. KNUTSON. I do not think that the passage of this legislation would facilitate in any particular the conduct of business at the Veterans' Bureau.

Mr. WILLIAMSON. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. Yes.

Mr. WILLIAMSON. The language carried in the bill with reference to the National Home, the Veterans' Bureau, and

the Pension Bureau is exactly the same. We are transferring the functions of the head of each to the new administrator of veterans' affairs, and that is all we do. The Pension Bureau remains intact. Its functions and powers will continue as they are to-day. The administrator can not change them.

Mr. KNUTSON. Very well. Let me read to the gentleman paragraph (b) of section 1.

Mr. WILLIAMSON. Oh, I can repeat that by heart.

Mr. KNUTSON. If the gentleman can repeat it without reading, he should not make the statement that he has just made, because I do not think it is illuminating. I will read the paragraph and then I shall leave it to the House to judge whether or not I understand the English language:

(b) Under the direction of the President the administrator of Veterans' Bureau shall have the power, by order or regulation not inconsistent with law, to consolidate—

Mr. JOHNSON of Texas. And eliminate.

Mr. KNUTSON. Yes; eliminate. Eliminate what? The Pension Bureau, of course. I yield to the gentleman from South Dakota to tell us what he means.

Mr. WILLIAMSON. The gentleman was not good enough to read subdivision (a) or he would have seen that he could not eliminate it.

Mr. KNUTSON. Then why put it in paragraph (b)?

Mr. WILLIAMSON. The language is "not inconsistent with law."

Mr. KNUTSON. With what law?

Mr. WILLIAMSON. With the law on the statute books, which we do not change. The administrator can not eliminate a statutory bureau.

Mr. KNUTSON. No; but he can hamstring it.

Mr. JOHNSON of Texas. The statute will permit it to be done.

Mr. KNUTSON. This is a statute which permits him to do anything. He can make mince pie of it if he wants to. [Reading further:]

To consolidate, eliminate, or redistribute the functions of the bureaus, agencies, offices, or activities of the administration of veterans' affairs.

I am not a college graduate and would, therefore, like to hear from some one who has a better understanding of English than I have as to just what the word "eliminate" means. I have yielded to the gentleman from South Dakota [Mr. WILLIAMSON], and he has not allayed my fears one iota.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. KNUTSON. I yield to my good friend from Wisconsin.

Mr. SCHAFER of Wisconsin. Is the gentleman apprehensive that the passage of this bill may result in the consolidation of the Pensions Committee of the House with the World War Veterans' Committee, to handle the veterans' problems? Is he fearful that such a consolidation may result in the elimination of the Pensions Committee and the chairmanship thereof?

Mr. KNUTSON. Oh, that is hardly fair. Let me say to the gentleman from Wisconsin that in the 13 years that I have been here I have had any number of cases in the Pension Bureau and also in the Veterans' Bureau. My experience with the Veterans' Bureau has not been such as to warrant me to vote to further extend the activities of that organization, and when I say that, I have in mind the best interest of those who wore their country's uniform in the World War.

Mr. WILLIAMSON. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. Yes.

Mr. WILLIAMSON. Under subdivision (b)—I do not want to take up the gentleman's time—

Mr. KNUTSON. Oh, that is all right; I am sure the gentleman will give me more time if I need it.

Mr. WILLIAMSON. I read:

Under the direction of the President the Administrator of Veterans' Affairs shall have the power by order or regulation not inconsistent with law, etc.

If the gentleman prefers, the language can be changed to "not created by law."

Mr. KNUTSON. Where is the gentleman reading?

Mr. WILLIAMSON. From page 2, line 10. The only bureaus to which this law applies are the administrative bureaus created by administrative action. It has no application to bureaus created by law—statutory bureaus.

Mr. KNUTSON. The trouble with this bill is that it blows hot and cold, and it leaves it to the one individual as to whether he wants to blow hot or cold. I object to that kind of legislation. That has been the trouble with some of the laws dealing with the Veterans' Bureau throughout. The language of nearly every act that we have passed has been ambiguous and capable

of various constructions. All of us have had compensation cases where apparent injustices have been committed as a result.

Mr. RANKIN. Mr. Chairman, will the gentleman yield right there?

Mr. KNUTSON. Yes.

Mr. RANKIN. If the bill means what the gentleman from South Dakota [Mr. WILLIAMSON] says it does, it does not confer any authority on this new bureau that is not already vested in the Veterans' Bureau or the Pension Bureau.

Mr. WILLIAMSON. The gentleman is substantially correct. We simply consolidate the functions of their respective heads in the new administrator.

Mr. RANKIN. Unless the bureau had the authority to abolish the volunteer soldiers' homes or the Pension Bureau it would not have any authority that the Veterans' Bureau does not have to-day, or that the volunteer soldiers' homes do not have to-day, or that the Pension Bureau does not have now.

If it is intended by this bill to abolish either the Pension Bureau or the volunteer soldiers' homes it must be in the back of their minds that that will be the next move. Unless that motive is back of it I do not see any reason for the passage of the bill.

Mr. KNUTSON. Why, it is plain as the nose on your face that the plan is to consolidate and ultimately to eliminate. First, it is to coordinate; but finally it is to consolidate and ultimately eliminate. Let us make no mistake about it.

Mr. RANKIN. The gentleman from South Dakota spoke of the reorganization of the Veterans' Bureau and the elimination of expenses. That can be done by the President of the United States now under the present organization. I admit that we need a house cleaning in the Veterans' Bureau, but I do not think we can get it by creating a new bureau and more high-salaried officials.

Mr. KNUTSON. Yes. You are proposing to pile too much work on people who have already too much work to attend to.

Now, if I have satisfied the gentleman from South Dakota that the bill means what it says I will proceed. As I see it the only thing to be accomplished under this bill would be a new set-up. That is the reason I am opposed to it. The officials down there in the Veterans' Bureau are the sponsors of this bill.

Mr. WILLIAMSON. The gentleman does not mean to say that the Veterans' Bureau was the place where this bill had its origin?

Mr. KNUTSON. Well, it was born down there. I do not know where the beginning actually took place. There are 24,000 clerks down there, and they are going to dominate the Pension Bureau with its measly 600 clerks.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield there?

Mr. KNUTSON. Yes.

Mr. SCHAFER of Wisconsin. This consolidation was not born in the Veterans' Bureau but in the national conventions of the American Legion, the Disabled American Veterans, and the Veterans of Foreign Wars.

Mr. KNUTSON. I do not know where it was born, but it was conceived down there.

Now, gentlemen of the House, do not make any mistake. If this bill is passed—and I want to go on record now as making a prophecy—if this legislation is passed, it will mean the doing away of the Pension Bureau. The old name may be retained, possibly, but we shall lose that smooth-running and efficient organization that has been serving the soldiers of this Government so well for 100 years. Those of us who oppose this bill do not want to see the Pension Bureau eliminated. We would like to see coordination effected; we would like to see all the activities concerning our veterans consolidated under one head. But we do not mean to let you pass a law that would vest the power to effect that consolidation in the hands of one man. That is the function of Congress, and the function of Congress only. [Applause.]

When the proper time comes, I propose to offer two amendments; one to eliminate paragraph (b) in section 1, and also to strike out all after line 21 on page 2 down to and including line 3 of page 3, and also paragraph (a) of section 5. With those changes made, the bill would not be so objectionable.

Mr. GARBER of Oklahoma. Mr. Chairman, will the gentleman yield there?

Mr. KNUTSON. Yes.

Mr. GARBER of Oklahoma. With those changes, would it be possible for the Veterans' Bureau to absorb the administration of the act?

Mr. KNUTSON. It would.

Mr. GARBER of Oklahoma. Does the gentleman believe that such a possibility should be permitted in an act of this kind?



Mr. KNUTSON. I do not. The thing I am afraid of and would try to prevent is to have all the veterans' activities consolidated in the Veterans' Bureau; and it is to prevent that that I will offer the amendments I have outlined.

Mr. GARBER of Oklahoma. It is with a view of prevention, then?

Mr. KNUTSON. Yes. I would vaccinate this piece of legislation.

Mr. COCHRAN of Missouri. The gentleman is partly responsible for the beneficial features of our veterans' legislation. They are still going to pay pensions allowed under those acts?

Mr. KNUTSON. Oh, I admit that this legislation was conceived with the very highest motives. I do not mean to impugn the motives of those who first thought of it and brought it out here. Far be it from me to question their honesty of purpose.

I believe they have the best interests of the veterans at heart in bringing out this legislation, but I am opposing it in the light of my experience with the two bureaus as I have mentioned.

Will any one present at this time explain to me the necessity for doing away with the Pension Bureau which has been in successful operation for nearly 100 years and which functions with the smoothness and satisfaction of a highly developed organization?

The CHAIRMAN. The time of the gentleman has expired.

Mr. WILLIAMSON. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. GASQUE. I also yield the gentleman five additional minutes, Mr. Chairman.

The CHAIRMAN. The gentleman is recognized for 10 additional minutes.

Mr. GARBER of Oklahoma. Will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. GARBER of Oklahoma. Is it not generally recognized that the Pension Bureau, as it is now administered and has been for a number of years, is the most simple, economic administration of the affairs of this Government for the promotion of benefits to those to whom we are indebted?

Mr. KNUTSON. Absolutely; and it is very significant, may I say to the gentleman from Oklahoma, that representatives of veterans of wars other than the World War appeared before the committee in opposition to this legislation.

Mr. GARBER of Oklahoma. I am glad to hear that. It shows their good judgment.

Mr. KNUTSON. Why did they appear in opposition? Because they know what they have now, but they do not know what they would get under this new legislation.

Mr. GARBER of Oklahoma. They could not survive if they got anything worse.

Mr. KNUTSON. I am not going to criticize any bureau of my Government. When we criticize them, they say they are acting under laws passed by Congress. If it be true that some of the decisions and practices of the Veterans' Bureau are in accord with the acts of Congress, the Veterans' Committee of this House should bring out legislation correcting the situation and prevent some of the things that are happening daily.

Mr. GARBER of Oklahoma. I do not believe there has been any legislation enacted during the last five or six years except what has been recommended by the Director of the Veterans' Bureau. The great trouble is we have permitted too much authority with rules and regulations in the Veterans' Bureau.

Mr. KNUTSON. It may be that we have been negligent in passing legislation for the guidance of the Veterans' Bureau. Perhaps we have been too free and easy, but when we contrast the method of doing business between the two bureaus, I can not see need for this legislation.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. COCHRAN of Missouri. The gentleman has always been fair and I know he intends to be fair. Will the gentleman please contrast, for the benefit of the Members of the House, the difference in the veterans' law, the Spanish-American War pension law, and the Civil War pension law, one of which requires service connection to be shown and the others do not have such a requirement?

Mr. KNUTSON. The gentleman should hire a lawyer.

Mr. COCHRAN of Missouri. A lawyer is not necessary.

Mr. KNUTSON. The gentleman would not expect anyone in less than three or four hours to contrast the several laws under which the veterans of different wars are receiving pensions.

Mr. COCHRAN of Missouri. It is a very simple matter.

Mr. WILLIAMSON. Will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. WILLIAMSON. I entertain a very high regard for the chairman of the Committee on Pensions—

Mr. KNUTSON. And I would like to say I reciprocate that regard. I have a very high regard for the gentleman from South Dakota [Mr. WILLIAMSON].

Mr. WILLIAMSON. I would like to know how the gentleman from Minnesota ever expects that there could be consolidation of any kind if the provision which the gentleman has given notice that he will move to strike out are stricken. If the three departments are going to run along in parallel lines as they are doing to-day, without giving any power to anyone to reorganize them, there is no way of getting anywhere with this proposition. You say you are for consolidation at some future date, why not do it now?

Mr. KNUTSON. May I ask the gentleman what objection would there be to coordinating the Veterans' Bureau, the Pension Bureau, and the Soldiers' Home under an Assistant Secretary of the Interior, for instance?

Mr. WILLIAMSON. The gentleman knows that we have had a coordinator to coordinate these three activities since the early part of the Coolidge administration, and he has accomplished nothing at all, because he is without authority to do anything worth while.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. KNUTSON. My time has about expired, and I can not yield further.

Contrast if you will your experience with the Veterans' Bureau as against the dealings that you have had with the Pension Bureau. If you will but do that, this piece of legislation will be materially modified, and you will save to the ex-service man one agency of the Government that is free from red tape and glaring injustices.

According to the last annual statement issued by the Director of the Budget, only 38 per cent of the total appropriation now made for the United States Veterans' Bureau is being paid out to the veterans and their dependents, whereas 99½ per cent of our appropriations to the Pension Bureau go directly to the veteran. I realize that a comparison is not exactly fair, because of the numerous activities in which the Veterans' Bureau is engaged, but I think that anyone who has visited the Pension Bureau will concede that it is one governmental agency that operates efficiently, smoothly, and cheaply. Why do away with it as you propose to do in this legislation?

The Veterans' Bureau has 24,000 clerks. The Pension Bureau has 600 clerks. It costs the Pension Bureau one-half of 1 per cent to do business. Is it expected that that condition can be improved? Is it hoped to further reduce that one-half of 1 per cent by placing the Pension Bureau under the Veterans' Bureau? Thirty-eight per cent, of course, is a fair comparison, because there are so many varied activities.

In conclusion I want to plead with the House to do nothing that will in any way impair, circumscribe, or restrict the efficiency of the Pension Bureau. I am firmly convinced that if we pass this legislation without adopting the amendments I propose to offer we will all live to regret it, just like we have lived to regret the enactment of the legislation which created the War Risk Insurance Bureau originally. If we had the money that has been squandered down there out at interest we could take care of all the sick, wounded, and disabled of the World War simply on the interest. [Applause.]

The enactment of this legislation as it is now, gentlemen, is like turning the wheels of time backward, and I am going to plead with the House to either amend this bill so as to make it read to mean what the gentleman says he proposes to do or else to defeat it altogether. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. GASQUE. Mr. Chairman, I yield five minutes to the gentleman from Louisiana [Mr. MONTET].

Mr. MONTET. Mr. Chairman and gentlemen of the committee, it seems from the opinions voiced on the floor as to the meaning of the provisions of this bill as written that the bill not only regulates, coordinates, and eliminates but also seems to equivocate.

I believe in the consolidation of the activities concerning the veterans. All three activities should be consolidated. I am also firmly convinced that the bill as written actually consolidates all three activities without any question of a doubt. Section 1, paragraph (a) provides that the President is authorized to consolidate and coordinate any hospitals, executive and administrative bureaus, and so forth, and especially includes the Bureau of Pensions, the national homes, and the Veterans' Bureau, into an establishment to be known as the administration of veterans' affairs. Then the first subparagraph of section 1 takes all three of those activities and brings them under one head. That is the



provision of the bill which actually provides for and brings about complete and unquestioned consolidation. Of course, it does not provide the actual consolidation, but gives authority for the President to bring about this consolidation.

I, as well as some other members of the committee, including the gentleman from South Carolina [Mr. Gasque], are at variance with the chairman of our committee as to the extent to which laws relating to those three presently existing activities are affected. I do not agree, nor does the gentleman from South Carolina and other members of the committee agree, with our chairman that this act does not provide authority for the elimination of the three existing bureaus. If I thought that the authority to eliminate those bureaus was not in the bill I would not vote for it, because I am firmly convinced that the affairs of the veterans will be better administered by a complete consolidation than they are under the present set-up.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. MONTET. Yes.

Mr. JOHNSON of Texas. What about the question of delegating authority to consolidate to the executive branch of the Government? Why would it not be better to consolidate by legislation rather than by Executive order?

Mr. MONTET. That is a matter of opinion. And, another thing, I believe that this consolidation may probably be more properly brought about by taking the time necessary to build up the future set-up. If Congress were to consolidate these activities immediately, there would be no time at all to provide for a new set-up, but by giving this authority to the President we will permit the taking of ample time to bring about the new set-up.

What I wanted to discuss with the committee at this time was the meaning of the provisions of the bill as I understand them. I attended every session of the committee, I heard all of the testimony, and I was one of the members of that committee who at first believed that the only thing to do was to coordinate and not to consolidate. But the more I thought about it, the more I was winning my own mind to the other argument, that consolidation was the only thing to do, because coordination was meaningless; coordination would be a mere idle gesture, and we would get nowhere, because if you give a coordinator any kind of authority over these other heads you may just as well have a consolidation.

The CHAIRMAN. The time of the gentleman from Louisiana has expired.

Mr. GASQUE. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. MONTET. As I say, I felt and still feel that we will get nowhere by coordination; such a plan would be meaningless.

I want to say that I believe the bill actually provides for a complete consolidation. The chairman of the committee has referred, as have some of the preceding speakers, to a sentence in paragraph (b), section 1, which provides that—

Under the direction of the President, the administrator of veterans' affairs shall have the power, by order or regulation not inconsistent with law, to consolidate, eliminate—

And so forth.

But we are making law here that provides for consolidation. Now, it was my purpose when I supported this bill and contributed some little assistance in the writing of some of its provisions to provide that there would be ample authority not only to coordinate and consolidate but, if it becomes necessary and the proper thing to do, to also eliminate, as the bill provides, and I maintain that it is clearly provided in the bill that there is ample authority for the elimination of the Bureau of Pensions, and in so far as the national homes are concerned, the bill does, in effect, actually eliminate the homes, because all of the property and other holdings now held in the corporation known as the National Homes for Disabled Volunteer Soldiers is actually transferred to this new set-up. In this bill we are taking all of the property now held by the national homes and transferring it to the new bureau, and the managers are, by virtue of this bill, shorn of all authority. So, in effect, we are actually doing what I believe should be done. I believe that in granting authority to coordinate, consolidate—or call it whatever you will—we are ultimately looking to and granting full authority and power to the President in due time to eliminate all three of these bureaus and bring them under one head. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. WILLIAMSON. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. Mouser].

Mr. MOUSER. Mr. Chairman and my colleagues of the House, I do not think those who have been studying questions pertaining to the Veterans' Bureau and the Pension Bureau should permit an opportunity to pass without giving the mem-

bership of the House any suggestions they may have upon a matter as important as this.

We might just as well look the facts in the face. Whether it be defects in the law or regulations prescribed by the Veterans' Bureau, there is not a single man or woman in the sound of my voice who does not have cases of worthy World War veterans, who does not understand from experience that it is impossible to receive consideration of these cases because of red tape and technicalities. [Applause.]

We owe it to the taxpayers of this country to see that the veteran receives the benefit of the taxpayer's dollar in so far as it is possible to permit that dollar to be expended in his behalf. I am not finding any particular fault with the head of the Veterans' Bureau or with the personnel, but there must be something wrong with a system where 38 cents out of every dollar that is appropriated goes for administrative and overhead expenses. [Applause.]

Mr. WILLIAMSON. Will the gentleman yield at that point?

Mr. MOUSER. I yield.

Mr. WILLIAMSON. The gentleman is wrong in saying that 39 per cent goes to overhead. As a matter of fact, only 3.72 per cent goes for overhead or administrative expenses. We can not count the running of hospitals and the maintenance of patients as part of the overhead. That is a part of the relief that goes to veterans. The amount of compensation paid to veterans in cash is a minor part of the relief actually extended.

Mr. MOUSER. I understand you can not divide these various activities and say how much expense goes to one and how much expense goes to the other; but with all due consideration, I say to you if that much money, out of the \$600,000,000 that is appropriated, goes for that purpose, there is too much money going for red tape and overhead.

I am not opposing the gentleman's bill, but contrast the 24,000 employees in the Veterans' Bureau with the administration of the Pension Bureau with 600 employees at a cost of only one and a half cents out of every dollar appropriated.

The Pension Bureau sends the applicants to physicians for examination and they have boards in the bureau to consider and to finally review cases. We do not send World War veterans to doctors in their home cities, we send them to doctors that are hired by the Veterans' Bureau, and every one knows you can not get a physician of any standing to work for the Veterans' Bureau for \$3,000 a year. Why not send these boys to physicians in their local communities, keep that money in the community, rather than create a bunch of jobs for people in the Veterans' Bureau?

Mr. KNUTSON. Will the gentleman yield?

Mr. MOUSER. I yield.

Mr. KNUTSON. It is correct, is it not, that it costs in the Veterans' Bureau on the average \$200 to examine an applicant for compensation?

Mr. MOUSER. It is my understanding it costs \$200 per case, most of which goes for red tape and technicalities.

Mr. KNUTSON. As against \$10 in the Pension Bureau?

Mr. MOUSER. As against \$10 in the Pension Bureau.

Mr. O'CONNOR of Louisiana. Will the gentleman yield?

Mr. MOUSER. Yes.

Mr. O'CONNOR of Louisiana. In view of the fact considerable criticism has been directed against the administration of the Veterans' Bureau during the discussion of this bill, it has occurred to me that if the Committee on World War Veterans' Legislation were empowered to consider the individual cases of the veterans and report out on them, this would give the inflexible provisions of the Veterans' Bureau laws a certain degree of elasticity which in all probability would meet a good many of the complaints that are now leveled against that bureau. What does the gentleman think about that?

Mr. MOUSER. I think the Committee on World War Veterans' Legislation should have the same jurisdiction as the Pensions Committee and if a case is turned down in the Veterans' Bureau because of technicalities and red tape, this Congress should review that case, and, when necessary, give redress.

Mr. O'CONNOR of Louisiana. In my judgment, that would be extremely helpful and would give flexibility to the inflexible provisions of the law.

Mr. MOUSER. We have now two bills coming up. There is the Johnson bill and then there are those who believe in the Rankin bill. We have got to do something to liberalize the present law, and why should we keep on voting money for red tape and technicalities? If we had liberal interpretations in many of these cases we would not have the agitation we have now for the Johnson or the Rankin bill. I submit that this is true.

If the Johnson bill is passed—and I will vote for it if I can not get anything better—this means \$160,000,000 of additional expenditure every year. Would it not be better to have the



Pension Bureau, which the commissioner says could handle the matter with 400 additional employees, expend the money appropriated for the veterans of all wars in the form of a pension rather than to permit this system to continue? [Applause.]

Mr. ARNOLD. Will the gentleman yield?

Mr. MOUSER. I yield to the gentleman.

Mr. ARNOLD. Does not the gentleman think that as long as the service-origin provision remains in the law, this will lead to a great deal of red tape and technicality in having these matters properly handled in the Veterans' Bureau; is not that the chief source of trouble?

Mr. MOUSER. There is no question about that, but suppose we pass the Johnson bill. It will bring 200,000 more men within its provisions at an additional cost, the committee report says, of \$100,000,000, but everybody knows it will be practically doubled when it is put into operation.

Mr. ARNOLD. Does not the gentleman think that if we simplified the proceedings to a great extent the amount saved in administration would take care of a great many of these cases?

Mr. MOUSER. There is no question about that. If we had a general pension law for World War veterans, it would only cost \$38,000,000 a year and every cent of it, practically, would go to the veterans.

Mr. O'CONNOR of New York. The gentleman has just spoken of red tape—I was interested yesterday in the statement of the chairman of the committee reporting this bill before the Rules Committee, in which he said that in the Pension Bureau a file in a soldier's case would seldom be over 3 inches thick, while in the Veterans' Bureau a file would often be 3 feet thick. There must be something fundamentally wrong in the Veterans' Bureau when it takes a file 3 feet thick.

Mr. MOUSER. There is no question about its being wrong. They ask a boy to-day to go back and get affidavits from his comrades who served with him in the Army—why, in a great many instances he does not even remember the names of his comrades, and he could not find them if he did remember their names.

But what I am trying to find out is this: Are we going to keep on piling up expenses and then still have worthy cases that can not come within the provisions of the law and ultimately within four or five years have a general pension law for World War veterans? I ask you, Where is the taxpayer going to get off under that kind of a situation? It is our duty not alone to the veterans of the World War but likewise to consider where the dollar is going when it is appropriated.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. WILLIAMSON. I yield the gentleman five additional minutes.

Mr. SCHAFER of Wisconsin. Will the gentleman yield?

Mr. MOUSER. I yield.

Mr. SCHAFER of Wisconsin. With reference to the cost of a medical examination, the committee hearings indicate that it costs \$5 in the Pension Bureau and \$4.22 in the Veterans' Bureau.

Mr. MOUSER. The gentleman can not say in the light of the facts that that statement can not be true for the reason that when a man is examined in the Veterans' Bureau he is examined by a physician in the Veterans' Bureau, and in the Pension Bureau he is examined by a physician at home. You can not figure it out exactly, because in the Veterans' Bureau he is examined by a physician who is paid an annual salary, except where he is ordered to take an examination requiring the services of a specialist.

Now we certainly ought to do something at this time to remove some of this unnecessary expense.

Mr. HALL of Indiana. Will the gentleman yield?

Mr. MOUSER. I will yield.

Mr. HALL of Indiana. Has the gentleman investigated the question of whether this will affect the court system in our State as to the guardianship, and compelling the courts to make reports to the bureau itself?

Mr. MOUSER. I understand that is contemplated if not already done. I state again we have got to consider something that will remove the unnecessary expense. The gentleman from South Dakota, Judge WILLIAMSON, says that his bill will have that effect. If that be true, we should encourage him in that effort. On the other hand, I agree thoroughly with my colleague, the distinguished chairman of the Pension Committee, Mr. KNUTSON, that from the facts which are undeniable we should not permit anything that will disturb the Pension Bureau which is being administered so efficiently at this time.

The Spanish-American War veterans believe in the Pension Bureau, and so do the old Civil War veterans and their de-

pendents. We should insure the integrity of the Pension Bureau by all means.

Mr. COYLE. The gentleman spoke of veterans being compelled to send for affidavits of their comrades during the war service. I have had an experience where they have gone out and got the affidavits and then they were pigeonholed as of no value in the Veterans' Bureau.

Mr. MOUSER. I have had the same experience, and I do not want it understood that I am criticizing the integrity of the Director of the Veterans' Bureau or the personnel. I think the facts before us show there is too much red tape and technicalities, and there is not a man or woman here who does not know that from actual experience.

Mr. COYLE. The gentleman's statement was clear that 38 cents out of every dollar was spent on administration and 62 cents goes in a direct benefit to the veterans. I think that was a very clear and powerful statement.

Mr. MOUSER. That was our understanding.

Mr. COYLE. Does the gentleman not feel that the 38 cents could be cut in half?

Mr. MOUSER. I think so, certainly; and I hope this consolidation bill will do it. If the integrity of the Pension Bureau can be secured in this bill, I shall vote for it. If I thought that there was a doubt that this Pension Bureau, which has been set up and is being administered so efficiently now in the hands of Mr. Church, was going to be placed with the Veterans' Bureau, then I would be compelled to vote against the bill.

Mr. SCHAFER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MOUSER. Yes.

Mr. SCHAFER of Wisconsin. The gentleman does not want to be unfair. I wish he would explain to the House where he got this figure of 38 cents.

Mr. MOUSER. We have had that before our committee.

Mr. SCHAFER of Wisconsin. That is absolutely incorrect. If the gentleman will refer to the hearings, he will find that 3.72 cents out of every dollar is the amount going for overhead.

Mr. KNUTSON. The gentleman from Ohio got that out of the director's own report.

Mr. MOUSER. We have had statements of that kind repeatedly.

Mr. KNUTSON. Thirty-eight cents of every dollar goes to overhead.

Mr. WILLIAMSON. The gentleman is confusing the compensation paid to veterans with hospital expenses and taking care of sick people. There are 20,000 patients in hospitals, and you call the cost of maintaining them overhead.

Mr. KNUTSON. It is overhead.

Mr. WILLIAMSON. Only 3.72 cents out of every dollar goes to overhead—that is, for administrative expense.

Mr. MOUSER. Does it not stand to reason that something is wrong, whatever comparison you make, when you take into consideration the number of men on the pension rolls in the Pension Bureau and the number of World War veterans receiving compensation, separating your compensation from your hospitalization and your homes, and find that 600 men are administering the Pension Bureau whereas 24,000 are administering the Veterans' Bureau.

Mr. SCHAFER of Wisconsin. It is not unusual.

Mr. MOUSER. If it is a fact that that many men have to be employed to consider whether a veteran is worthy or not, then there is too much red tape and technicality, and it is time it was eliminated, if we are going to give the boys justice. [Applause.]

Mr. SCHAFER of Wisconsin. The Pension Bureau does not include in its cost of expenditures the construction of hospitals, insurance, adjusted compensation, salaries of nurses and hospital doctors, subsistence for hospitals, and so forth.

Mr. MOUSER. I think I distinguished that in my statement.

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

(By unanimous consent, Mr. MOUSER was granted leave to extend his remarks in the RECORD.)

Mr. WILLIAMSON. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and Mr. TILSON having resumed the chair as Speaker pro tempore, Mr. HALE, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 10630 and had come to no resolution thereon.

#### PENSIONS

Mr. ELLIOTT. Mr. Speaker, I submit for printing under the rule a conference report on the bill H. R. 7960, granting pen-

sions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. WAINWRIGHT, until April 14, on account of important family business.

#### SENATE BILLS REFERRED

A bill and joint resolution of the Senate of the following titles were taken from the Speaker's table and under the rule referred as follows:

S. 2814. An act to authorize the erection of a suitable statue of Maj. Gen. George W. Goethals within the Canal Zone; to the Committee on Interstate and Foreign Commerce.

S. J. Res. 49. Joint resolution to provide for the national defense by the creation of a corporation for the operation of the Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes; to the Committee on Military Affairs.

#### ADJOURNMENT

Mr. WILLIAMSON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 36 minutes p. m.) the House adjourned to meet to-morrow, Wednesday, April 9, 1930, at 12 o'clock noon.

#### COMMITTEE HEARINGS

Mr. TILSON submitted the following tentative list of committee hearings scheduled for Wednesday, April 9, 1930, as reported to the floor leader by clerks of the several committees:

##### COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(10 a. m.)

Continuing the investigation relative to ownership and the control or capital of persons or property in interstate commerce as provided in House Resolution 114.

##### COMMITTEE ON WORLD WAR VETERANS' LEGISLATION

(10.30 a. m.)

To consider proposals for veterans' hospitals in Minnesota and Michigan.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

397. A letter from the Secretary of the Treasury, transmitting a draft of a proposed amendment to section 169 of the Revised Statutes (U. S. C., title 5, sec. 43); to the Committee on Expenditures in the Executive Departments.

398. A letter from the chief scout executive of Boy Scouts of America, transmitting a copy of the Twentieth Annual Report of the Boy Scouts of America (H. Doc. No. 338); to the Committee on Education and ordered to be printed with illustrations.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. GIFFORD: Committee on Election of President, Vice President, and Representatives in Congress. H. J. Res. 292. A joint resolution proposing an amendment to the Constitution of the United States; without amendment (Rept. No. 1105). Referred to the House Calendar.

Mr. GRAHAM: Committee on the Judiciary. H. Res. 204. A resolution concerning the investigation of Grover M. Moscovitz, United States judge, eastern district of New York. (Rept. No. 1106). Ordered to be printed.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SCHAFER of Wisconsin: Committee on Claims. H. R. 531. A bill for the relief of John Malka; with amendment (Rept. No. 1095). Referred to the Committee of the Whole House.

Mr. SCHAFER of Wisconsin: Committee on Claims. H. R. 575. A bill for the relief of Mary A. Cox; with amendment (Rept. No. 1096). Referred to the Committee of the Whole House.

Mr. CLARK of North Carolina: Committee on Claims. H. R. 3238. A bill for the relief of Martin E. Riley; without amendment (Rept. No. 1097). Referred to the Committee of the Whole House.

Mr. KINZER: Committee on Claims. H. R. 3732. A bill for the relief of Fernando Montilla; without amendment (Rept. No. 1098). Referred to the Committee of the Whole House.

Mr. CHRISTGAU: Committee on Claims. H. R. 4176. A bill to extend the benefits of the employees' compensation act of September 7, 1916, to Dr. Charles W. Reed, a former employee of the United States Bureau of Animal Industry, Department of Agriculture; without amendment (Rept. No. 1099). Referred to the Committee of the Whole House.

Mr. CLARK of North Carolina: Committee on Claims. H. R. 5801. A bill for the relief of Henry A. Richmond; without amendment (Rept. No. 1100). Referred to the Committee of the Whole House.

Mr. JOHNSON of Nebraska: Committee on Claims. H. R. 5872. A bill for the relief of Ray Wilson; without amendment (Rept. No. 1101). Referred to the Committee of the Whole House.

Mr. JOHNSTON of Missouri: Committee on Claims. H. R. 6080. A bill for the relief of the Southern Railway Co.; without amendment (Rept. No. 1102). Referred to the Committee of the Whole House.

Mr. SCHAFER of Wisconsin: Committee on Claims. H. R. 6665. A bill for the relief of B. C. Glover; with amendment (Rept. No. 1103). Referred to the Committee of the Whole House.

Mr. DRANE: Committee on Naval Affairs. H. R. 4159. A bill for the relief of Harry P. Lewis; with amendment (Rept. No. 1104). Referred to the Committee of the Whole House.

Mr. HILL of Alabama: Committee on Military Affairs. H. R. 9267. A bill for the relief of John A. Fay; without amendment (Rept. No. 1107). Referred to the Committee of the Whole House.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BLAND: A bill (H. R. 11481) providing a nautical school at the port of Newport News, Va.; to the Committee on Naval Affairs.

By Mr. CLARK of North Carolina: A bill (H. R. 11482) to provide for the commemoration of the Battle of Fort Fisher, N. C.; to the Committee on Military Affairs.

By Mr. CRAMTON: A bill (H. R. 11483) to amend section 6 of the interstate commerce act; to the Committee on Interstate and Foreign Commerce.

By Mr. DOUGLASS of Massachusetts: A bill (H. R. 11484) to provide for payment of the cost of pilgrimages to European cemeteries to certain mothers and widows of members of the military and naval forces of the United States unable to make such pilgrimage; to the Committee on Military Affairs.

By Mr. BRUNNER: A bill (H. R. 11485) to provide for extending the time within which World War veterans can make application for filing claims as a result of war injuries or service up to and including April 6, 1931; to the Committee on Ways and Means.

By Mr. HALE: A bill (H. R. 11486) to amend section 95 of the Judicial Code, as amended; to the Committee on the Judiciary.

By Mr. JOHNSON of Washington: A bill (H. R. 11487) to amend section 112 of the act of March 3, 1911, entitled "An act to codify, revise, and amend the laws relating to the judiciary"; to the Committee on the Judiciary.

By Mr. WILLIAMSON: A bill (H. R. 11488) to amend the act entitled "An act for the retirement of employees in the classified civil service, and for other purposes," approved May 22, 1920, and acts in amendment thereof, approved July 3, 1926; to the Committee on the Civil Service.

By Mr. HILL of Alabama: A bill (H. R. 11489) to provide for the commemoration of certain military historic events, and for other purposes; to the Committee on Military Affairs.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ARNOLD: A bill (H. R. 11490) granting a pension to George C. Reynolds; to the Committee on Invalid Pensions.

By Mr. AYRES: A bill (H. R. 11491) granting an increase of pension to Marietta McCormick; to the Committee on Invalid Pensions.

By Mr. CHRISTGAU: A bill (H. R. 11492) to extend the benefits of the civil service retirement act of July 3, 1926, to Fannie Jansick, a former post-office employee; to the Committee on Claims.



By Mr. CONNERY: A bill (H. R. 11493) to reimburse Lieut. Col. Charles F. Sargent; to the Committee on War Claims.

Also, a bill (H. R. 11494) for the relief of Daniel Joseph Hartie; to the Committee on Naval Affairs.

By Mr. COYLE: A bill (H. R. 11495) granting an increase of pension to Ethel Sharp Griswold; to the Committee on Pensions.

By Mr. CRAMTON: A bill (H. R. 11496) granting an increase of pension to Sarah Smith; to the Committee on Invalid Pensions.

By Mr. GRAHAM: A bill (H. R. 11497) granting a pension to William B. Savage; to the Committee on Pensions.

By Mr. HOWARD: A bill (H. R. 11498) granting a pension to Louisa Brasch; to the Committee on Invalid Pensions.

By Mrs. McCORMICK of Illinois: A bill (H. R. 11499) granting a pension to David C. McDonald; to the Committee on Pensions.

By Mr. MONTET: A bill (H. R. 11500) granting a pension to Emma Graham; to the Committee on Invalid Pensions.

By Mr. MOONEY: A bill (H. R. 11501) granting a pension to Ann E. Marrell; to the Committee on Invalid Pensions.

By Mr. PARKER: A bill (H. R. 11502) granting an increase of pension to Julia A. Bugbee; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11503) granting a pension to Charles H. Dobbin; to the Committee on Pensions.

Also, a bill (H. R. 11504) granting an increase of pension to Mary Norton; to the Committee on Invalid Pensions.

By Mrs. ROGERS: A bill (H. R. 11505) granting an increase of pension to Annie Sawyer; to the Committee on Invalid Pensions.

By Mr. ROWBOTTOM: A bill (H. R. 11506) granting an increase of pension to Mary D. Ray; to the Committee on Invalid Pensions.

By Mr. STRONG of Pennsylvania: A bill (H. R. 11507) granting an increase of pension to Nancy J. Walter; to the Committee on Invalid Pensions.

By Mr. WATSON: A bill (H. R. 11508) for the relief of Anna L. Auchenbach; to the Committee on Claims.

By Mr. HALL of Indiana: Joint resolution (H. J. Res. 294) for the appointment of Maj. A. Seiberling, of Indiana, as a member of the Board of Managers of the National Home for Disabled Volunteer Soldiers; to the Committee on Military Affairs.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

6602. By Mr. BACON: Petition of citizens of Islip Terrace, N. Y., in favor of increased pensions for Spanish War veterans; to the Committee on Pensions.

6603. Also, petition of Post Office Square Club, No. 278 (Inc.), New York City, favoring the so-called short Saturday workday for postal employees; to the Committee on the Post Office and Post Roads.

6604. By Mr. BOYLAN: Resolution adopted at a meeting of the Post Office Square Club, New York City, urging the early passage of the Kendall-La Follette shorter workday bill; to the Committee on the Post Office and Post Roads.

6605. By Mr. CONNERY: Petition of citizens of Lynn, Mass., asking for increase in pension for Spanish War veterans; to the Committee on Pensions.

6606. By Mr. DAVENPORT: Petition of Common Council of the City of Little Falls, N. Y., favoring the enactment of House Joint Resolution 167, for the purpose of making October 11 a national memorial day in honor of Gen. Casimir Pulaski, Revolutionary hero; to the Committee on the Judiciary.

6607. By Mr. DOUGLAS of Arizona: Petition signed by Orion E. Schupp and William Elliot Arnold, in support of legislation providing increased pensions to men who served in the forces of the United States during the Spanish War; to the Committee on Pensions.

6608. By Mr. FITZGERALD: Petition of 64 citizens of Dayton, Ohio, praying for early consideration and passage of a bill to increase the pensions of Spanish War veterans; to the Committee on Pensions.

6609. By Mr. FITZPATRICK: Petition of the Post Office Square Club, No. 278, of New York City, urging prompt and favorable action on House bill 6603, providing for a short workday on Saturdays for postal employees; to the Committee on the Post Office and Post Roads.

6610. By Mr. GARBER of Oklahoma: Petition of National Women's Trade Union League of America, Chicago, in support

of House bill 10574; definitely opposing House bill 9888; to the Committee on Interstate and Foreign Commerce.

6611. Also, petition of United States veterans' hospital, Sunmount, N. Y., urging support of amendment to World War veterans' act; to the Committee on World War Veterans' Legislation.

6612. Also, petition of Oklahoma City Chamber of Commerce, indorsing amendment to section 552 of tariff act; to the Committee on Ways and Means.

6613. Also, petition of the Oklahoma Farmer Stockman, Oklahoma City, Okla., urging removal of tariff on arsenic and sodium chlorate; to the Committee on Ways and Means.

6614. By Mr. GRANFIELD: Petition signed by Arthur M. Partridge and 20 other residents of Springfield, Mass., and vicinity, favoring the passage of Senate bill 476 and House bill 2562; to the Committee on Pensions.

6615. By Mr. JOHNSON of Texas: Petition of Gen. Jacob F. Wolters, of Houston, Tex., indorsing House bill 10478, providing for certain amendments to the national defense act; to the Committee on Military Affairs.

6616. By Mr. KENDALL of Kentucky: Petition of the citizens of Russell, Greenup County, Ky., submitted by H. C. Barnhard, Russell, Ky., in which they urge that legislation be enacted favorably affecting the Spanish-American War veterans and their dependents; to the Committee on Pensions.

6617. By Mr. KORELL: Petition of residents of Multnomah County, Oreg., advocating the passage of House bill 8976; to the Committee on Pensions.

6618. By Mr. KVALE: Petition of the executive committee of the League of Women Voters, Olivia, Minn., urging passage of House bill 10574; to the Committee on Interstate and Foreign Commerce.

6619. By Mr. LINDSAY: Petition of the Post Office Square Club, New York, N. Y., consisting of 1,000 members, appealing for support of the Kendall bill for shorter Saturdays for postal clerks; to the Committee on the Post Office and Post Roads.

6620. By Mr. LUDLOW: Petition of citizens of Indiana, in favor of legislation to increase the pensions of veterans of the Spanish-American War; to the Committee on Pensions.

6621. By Mrs. McCORMICK of Illinois: Petition of sundry citizens of the State of Illinois, urging favorable consideration of legislation for the relief of Spanish-American War veterans and widows of veterans; to the Committee on Pensions.

6622. By Mr. McMILLAN: Petition of citizens of Colleton County, S. C., urging passage of Senate bill 476 and House bill 2562, granting pensions to Spanish-American War veterans; to the Committee on Pensions.

6623. By Mr. MOORE of Kentucky: Petition of citizens of Butler County, Ky., urging passage of legislation providing for increased rates of pension to men who served in the armed forces of the United States during the Spanish War period; to the Committee on Pensions.

6624. By Mr. NEWHALL: Memorial of the council of the city of Bellevue, State of Kentucky, for the passage of House Joint Resolution 167, directing the President to proclaim October 11 of each year General Pulaski's memorial day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

6625. By Mr. NIEDRINGHAUS: Petition of James R. Steuart and 19 other citizens of St. Louis County, Mo., urging passage of House bill 2562, to provide an adequate pension for the men who served during the Spanish-American War and the incident insurrection; to the Committee on Pensions.

6626. Also, petition of Richard Gasta and 29 other citizens of St. Louis and St. Louis County, Mo., urging passage of House bill 2562, to provide an adequate pension for the men who served during the Spanish-American War and the incident insurrections; to the Committee on Pensions.

6627. Also, petition of Thomas C. Gates and 38 other citizens of St. Louis and St. Louis County, Mo., urging speedy consideration and passage of Senate bill 476 and House bill 2562, providing for increased rates of pension to the men who served during the Spanish War period; to the Committee on Pensions.

6628. By Mr. O'CONNELL of New York: Petition of the Post Office Square Club, New York City, favoring the passage of the La Follette-Kendall short Saturday workday bill, S. 2540 and H. R. 6603, providing that postal employees be granted compensatory time off on one of the five days succeeding Saturday on which they are required to perform service in excess of four hours; to the Committee on the Post Office and Post Roads.

6629. By Mr. OSIAS: Petition signed by the following persons from the municipality of Calbayog, Province of Samar, P. I., to wit: Pio Acopio and 19 others, urging the passage of

Senate bill 476 and House bill 2562; to the Committee on Pensions.

6630. Also, petition signed by the following persons from the municipality of Isabella, Occidental Negros, P. I., to wit: Fernando Quindo and 23 others, urging the passage of Senate bill 476 and House bill 2562; to the Committee on Pensions.

6631. Also, petition signed by Adolfo Ovario, Saplan, Capiz, and 20 others from Bulalacao, Mindoro, P. I., urging the speedy consideration and passage of Senate bill 476 and House bill 2562; to the Committee on Pensions.

6632. Also, petition signed by Candido Pumo, Segundo Conde, Sergio Pulga, Francisco Novida, Francisco Requis, Agaton Casilan, Bonifacio Salazar, and Benigno Novida, urging speedy passage of Senate bill 476 and House bill 2562; to the Committee on Pensions.

6633. Also, petition signed by Proceso de Ocampo, San Felipe, Zambales; Vicente Tadeo, S. Narciso, Zambales; Ambrosio F. Bada, Cabangan, Zambales; Celestino Arbis, S. Felipe, Zambales; Victor Fera, S. Felipe, Zambales; Leocadio Fontecha, S. Felipe, Zambales; L. Ruiz, S. Narciso, Zambales; Tomas Aquino, Iba, Zambales; Eugenio Domingo, S. Felipe, Zambales; Eusebio Cabristante, Olongapo, Zambales; Tomas Palacpac, S. Narciso, Zambales; Calmacio Mendares, S. Felipe, Zambales; Pablo Dayap, Botolan, Zambales; Pedro Falloran, Cabangan, Zambales; Flaviano Esposo, Iba, Zambales; Rufo Falloran, Cabangan, Zambales; Manuel Trapsi, S. Felipe, Zambales; and Paulo Omipig, S. Marcelino, Zambales, urging speedy passage of Senate bill 476 and House bill 2562; to the Committee on Pensions.

6634. Also, petition signed by the following persons from the Municipality of Cuyo, Province of Palawan, P. I.: Ramon Magbana and 17 others, urging the passage of Senate bill 476 and House bill 2562; to the Committee on Pensions.

6635. By Mr. PATMAN: Petition signed by C. C. Carriker, of Hughes Springs, and 53 other citizens of Texas, urging the enactment of Senate bill 1468, to amend the food and drugs act, of June 30, 1906; to the Committee on Interstate and Foreign Commerce.

6636. By Mr. SANDERS of New York: Petition signed by John H. Mattil and 58 other citizens of Rochester, N. Y., urging passage of legislation to increase the pension of veterans of the war with Spain; to the Committee on Pensions.

6637. Also, petition signed by Grant Fletcher and about 56 other citizens of Hemlock and Livonia, N. Y., urging passage of legislation to increase the pension of veterans of the war with Spain; to the Committee on Pensions.

6638. By Mr. SHORT of Missouri: Petition of citizens of Willow Springs, Mo., urging the passage of House bill 2562 and Senate bill 476, increasing the pension of Spanish War veterans; to the Committee on Pensions.

6639. By Mr. SHOTT of West Virginia: Petition of Clarence H. Bowling and 72 other citizens of Matoaka and Mercer County, W. Va., urging the passage of pension legislation for Spanish War veterans; to the Committee on Pensions.

6640. Also, memorial of District Superintendents' Association of West Virginia, urging legislation to aid the States in trade and industrial education and vocational rehabilitation; to the Committee on Education.

6641. Also, petition of 50 citizens of Mercer County, W. Va., urging the passage of pension legislation for Spanish War veterans; to the Committee on Pensions.

6642. By Mr. WOLVERTON of West Virginia: Petition of the District Superintendents' Association of West Virginia, under date of March 13, 1930, a resolution giving unanimous indorsement to the proposed legislation giving additional aid to the several States for trade and industrial education and vocational rehabilitation, and urging Congress to take favorable action on same; to the Committee on Education.

## SENATE

WEDNESDAY, April 9, 1930

(Legislative day of Tuesday, April 8, 1930)

The Senate met at 12 o'clock meridian in open executive session, upon the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Allen	Borah	Connally	Frazier
Ashurst	Bratton	Copeland	George
Barkley	Brookhart	Conzens	Gillett
Bingham	Broussard	Dale	Glass
Black	Capper	Dill	Glenn
Blaine	Caraway	Fess	Goff

Goldsborough	Kean	Pittman
Gould	Kendrick	Ransdell
Greene	Keyes	Robinson, Ind.
Grundy	McCulloch	Robison, Ky.
Hale	McKellar	Schall
Harris	McNary	Sheppard
Harrison	Metcalf	Shipstead
Hatfield	Norbeck	Shortridge
Hayden	Norris	Simmons
Hebert	Nye	Smoot
Hedlin	Oddie	Steck
Howell	Overman	Steiner
Johnson	Phipps	Stephens
Jones	Pine	Sullivan

Thomas, Idaho
Thomas, Okla.
Townsend
Trammell
Tydings
Vandenberg
Wagner
Walcott
Walsh, Mass.
Walsh, Mont.
Watson
Wheeler

Mr. BLAINE. I desire to announce that my colleague the senior Senator from Wisconsin [Mr. LA FOLLETTE] is unavoidably absent. I ask that this announcement may stand for the day.

Mr. SHEPPARD. I wish to announce that the Senator from Missouri [Mr. HAWES], the Senator from Florida [Mr. FLETCHER], the Senator from Utah [Mr. KING], and the Senator from South Carolina [Mr. SMITH] are all detained from the Senate by illness.

I also wish to announce that the junior Senator from Tennessee [Mr. BROCK] and the junior Senator from South Carolina [Mr. BLEASE] are absent because of illness in their families.

I further desire to announce that the Senator from Arkansas [Mr. ROBINSON] and the Senator from Pennsylvania [Mr. REED] are in London attending the naval conference.

Mr. NORBECK. I wish to announce that my colleague [Mr. McMASTER] is unavoidably absent from the city. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Seventy-eight Senators have answered to their names. A quorum is present.

### CHANGE IN DATE OF INAUGURATION

Mr. NORRIS. Mr. President, as in legislative session, I wish to make a unanimous-consent request. I ask unanimous consent to submit and have read a Senate resolution.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary will read the resolution.

The Chief Clerk read the resolution (S. Res. 245), as follows:

Whereas on the 7th day of June, 1929, the Senate passed S. J. Res. 3, a joint resolution proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President, Vice President, and Members of Congress and fixing the time of the assembling of Congress; and

Whereas on the 8th day of June, 1929, by an official message from the Senate, the House of Representatives was duly notified thereof and said resolution so passed was properly certified and delivered to the House of Representatives by the duly authorized agent of the Senate; and

Whereas the Speaker of the House of Representatives has retained possession of said joint resolution, has not referred the same to any committee of the House of Representatives, and no action whatever has been taken thereon by the House of Representatives or by the Speaker, and the said resolution is still upon the Speaker's desk of the House of Representatives; and

Whereas the retention of said joint resolution by the Speaker for 10 months, without referring the same to a committee of the House of Representatives and without taking any other action thereon is a discourtesy to the Senate and establishes a precedent which, if carried to its logical conclusion, will bring misunderstanding between the coordinate branches of the Congress and will result not only in a failure to act upon important matters of national legislation but will destroy the harmony, confidence, and respect which should exist between the two coordinate branches of our National Legislature: Therefore, be it

Resolved, That the Vice President is hereby directed to appoint a committee of five Senators to look into the matter above referred to and to report to the Senate what action if any should be taken in the premises.

Mr. NORRIS. Mr. President, unless there be some Senator who wishes to examine the resolution and in order to reach the purpose I have in view, I ask unanimous consent for the present consideration of the resolution.

Mr. McNARY. Mr. President, I am not objecting to the merit of the proposal at all—

Mr. NORRIS. I have no objection to delaying the consideration of the resolution if the Senator from Oregon desires to examine it.

Mr. McNARY. But there are a number of Senators who are absent, being out of the city, and I think, under the rule, the resolution should go over.

The VICE PRESIDENT. Under the rule, the resolution will go over.

The Senate is in executive session, and the Secretary will state the first nomination on the calendar.

Mr. DILL. Mr. President, I desire to make some remarks, if it is now in order.